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Editorial AS WE SEE IT

A number of developments are forcing responsible officials to take another long, careful look at our international financial relations. One of these is the persistent concern in Congress about the way we have been generously handing out of our substance to various peoples of the world. Closely related to this doubt—and in part at least responsible for it — is the continuing adverse balance of our international payments and the consequent loss of gold and increasing indebtedness to foreigners at short-term. The prodigality of the national government—along with some other natural factors—has caused interest rates to rise, and raised the question in some minds as to whether we should not put what funds we have available to use at home in larger measure—although, of course, the higher cost of money has brought a reduction in foreign offerings in this market. Last, but not least, American manufacturers, saddled with high labor costs, are finding it increasingly difficult to maintain their sales abroad, and are looking to Washington to give them a hand.

Public attention has begun to focus upon two or three vital aspects of this situation. One of them, naturally, is the continuing restrictions upon the entry of our goods into many foreign countries. Most of these restrictions were originally the outgrowth of the inability of these foreign countries to obtain dollars in adequate amounts. The dollar was all but unobtainable in many cases, and governments quite generally undertook to control the use of such dollars as became available and to prevent the dissipation of them for purposes regarded as not essential. Many of these countries are no longer in any such position. The dollar is not the scarcity it once was, to say the least. As a matter of fact, there has been a good deal of loose talk about a basic weakness in the dollar.

It is, therefore, natural enough that the powers that be at Washington believe that it is time for many of these foreign countries to relax their restrictions upon imports from this country — as (Continued on page 32)

American Bankers Assn. Holds 85th Convention

Large annual meeting of bankers tackles pressing financial and economic problems of both domestic and international importance ranging from achieving economic growth without inflation to our nation in space. Elected President, Vice-President and Treasurer for the 1959-60 year are, respectively: John W. Remington, Carl A. Bimson and I. F. Betts. Texts of addresses herein are those of: Lee P. Miller; Raymond J. Saulnier; Paul W. McCracken; Earl L. Butz, and Gen. James M. Gavin.

The proceedings of the American Bankers Association's 85th Annual Convention, held at Miami Beach, Fla., was marked by full support given to the Association's Committee for Economic Growth without Inflation, stress placed on measures to improve our fiscal soundness and international confidence in our dollar, and resolute approval "to seek the elimination of existing inequities in the taxation of financial institutions. . . ."

Principal Officers Elected

John W. Remington, President of the Lincoln Rochester Trust Company, Rochester, New York, was elected President of the American Bankers Association at the First Session of the 85th Annual Convention of the Association. He succeeds in office Lee P. Miller, President of the Citizens Fidelity Bank and Trust Co., Louisville, Ky. Mr. Remington was advanced from the Vice-Presidency of the Association.

Carl A. Bimson, President of the Valley National Bank, Phoenix, Arizona, was elected Vice-President of the Association, and I. F. Betts, President of the American National Bank of Beaumont, Texas, was elected Treasurer.

The annual meeting contained a full schedule of meetings of commissions, committees, divisions, and sections of the Association and two general sessions.

At the Savings and Mortgage meeting, speakers included Louis B. Lundborg, division President, who is also Executive Vice-President, Bank of America N. T. & S. A., San Francisco; Congressman Albert Rains of Alabama, who spoke on "Housing in a Full Employment Economy"; and Dr. Paul McCracken, Professor of Business Conditions of the School of Business Administration, University of Michigan, Ann Arbor, who spoke on "The Long Range Outlook for Savings."

At the State Bank Division meeting, President Louis E. Hurley, who is President of The Exchange Bank and Trust Company, El Dorado, Arkansas, reported on activities of the division. Winthrop Rockefeller of Little Rock, Arkansas, Chairman of the Arkansas Industrial Development Commission, discussed "Development of Rural Areas through Industrialization"; and there were remarks by the newly elected President of the National Association of Supervisors of State Banks.

The National Bank Division meeting had as speakers Acting Division President John S. Coleman, who is Chairman of the Board, Birmingham Trust National Bank, Birmingham, Ala.; Comptroller of the Currency Ray M. Gidney; and Raymond J. Saulnier, Chairman of the Council of Economic Advisers, Washington, D. C., whose topic was "The Economic Situation Today."

At the meeting of the Trust Division, Carlysle A. Bethel, President of the Division, and Vice-Chairman of the Board and senior trust officer, Wachovia Bank and Trust Company, Winston-Salem, North Carolina, and Herbert V. Prochnow, Vice-President, The First National Bank of Chicago, were the speakers. Mr. Bethel's topic was "New Business Bifocals"; Mr. Prochnow's, "An Economic Program for Our Time." General James M. Gavin, Executive Vice-President, Arthur D. Little, Inc., Cambridge, Mass., spoke on "The Challenge of the '60s." "The Nation in Space" was the subject of a second address by Dr. T. Keith Glennan, Administrator, National Aeronautics and Space Administration, Washington, D. C.

Other speakers at the session included Ben H. Wooten, President of the First National Bank in Dallas, on "One Hundred Years (Continued on page 28)

ABA Convention Featured in This Issue

The Security I Like Best . . .

A continuous forum in which, each week, a different group of experts in the investment and advisory field from all sections of the country participate and give their reasons for favoring a particular security.

BEN GAYNES, JR.

Research Partner, Sprayregen & Co. New York City

Members of New York Stock Exchange, Chicago Board of Trade

Assoc. Members of American Stock Exchange

Olin Mathieson

This once sprawling, loosely-managed combination of acquisitions and mergers finally seems to have come of age. By the early part of 1960 all six domestic divisions should be operating profitably. This year write-offs will be considerably lower, and common share earnings considerably higher than those reported for the prior year. These earnings are estimated at a minimum of $2.60 to $2.75 a share as compared with the 70¢ results of 1958. Net income for the first nine months of 1959 were recently reported at $2.01 a share. The 1960 fiscal year could quite conceivably end with earnings close to, if not in excess of $4.00 a share. Olin Mathieson is a diversified company operating in five definite growth facets of the American economy—chemicals, high energy fuels, paper and packaging, aluminum and drugs. Its streamlined management structure seems fully capable of exploiting the opportunities available. This company is entering the first phase of what should be an era of accelerated earnings.

Ben Gaynes, Jr.

Despite last year's $2 per share drop in earnings, business at Olin actually compared most favorably with that of most major corporations for the period. The company reported year-end net profits before special charges of some $33,484,000; in 1958, net before special charges was $36,378,000. The company made a well-calculated decision to absorb large charge-offs in a recession year. These items will not be present to any such extent this year; the aluminum facilities are now in full scale operation and expenses in connection with their initial manufacture will be greatly reduced.

Sales this year will run some $100 million ahead of the previous year. The Chemical Division is some 7 to 10% ahead in this category and profits even more so. This is due in large measure to the strategic geographical position on the company's major plants and their broad basic product lines. Next year Olin in conjuncture with Sun Oil will bring on stream a 73,000 ton-per-year synthetic urea plant. This will make the company a major eastern supplier of a product which is finding increasing uses in the manufacture of plastics, fertilizer, and adhesives. The Energy Division will operate in the black this year, thus relieving still another pressure on total company profits. The government's cancellation of the program to produce fuels at the Model City plant will not hurt this year's results as the capital investment was written off in 1958. At present Olin is involved in both the liquid and solid propellant fields as well as commercial explosives.

The Metal Division has been the subject of much discussion and speculation. Olin entered the aluminum picture, through Ormet Corp., at a time which proved to be the most difficult and chaotic for the industry as a whole. Ormet was formed by Olin and Revere Copper and Brass in order to service the aluminum needs of these two companies. Total rated capacity is scheduled at 180,000 tons, of which Olin must absorb 120,000. Today Ormet is operating in the black supplying its parents with aluminum at a price below the normal 27.4c quotation; it is important to note that the Ormet price included 5c per pound for rapid amortization purposes. Olin's fabricating plant at Omal, Ohio is not faring as well. It had been expected to operate profitably this year. However, despite economies of operation, the weak structure prevalent for fabricated items has caused this plant to be momentarily unprofitable. This condition is expected to continue for the next few months and has caused a downward revision of earlier estimates that aluminum operations would add $1 per share to common earnings in 1960.

Despite all rumors to the contrary the Squibb division has always been a source of profit to the corporation. While cuts in vitamin B-12 prices and labor problems have hurt this year, the introduction of several new drugs should more than offset these developments. The Packaging Division markets Cellophane, Kraft paper and board, corrugated items as well as fine paper and lumber. While cellophane seems to have passed its peak rate growth, sales are still on the up-grade. Luckily, Olin never concentrated to any extent on polyethelene film. The Ecusta fine paper line presents interest possibilities and may have quite substantial sales possibilities. The combination of its lightweight and compact features, plus the spectre of ever-increasing postal rates, may have beneficial consequences for this particular product line. The Winchester-Western Division is enjoying added sales due to the sudden surge in hunting activities.

With earnings on the up-grade, its management integration and product problems now practically eliminated, price earnings ratio for this issue should tend to come more in line with values presently accorded similar situations.

	—Per Share—		
	1957	*1958*	*1959 (est.)*
Profit from operations	$2.70	$2.52	$3.10–$3.25
Less—			
Charge-off deferred pre-operating expanses	.03	.77	0
Start-up losses	.04	.96	.50–.65
Disposal obsolete assets	0	.05	0
Losses liquidated assets	0	.23	0
Special write-off capital asset	0	.11	0
Other special charges	0	.08	0
Total deductions	.07	2.20	.50–.65
Profit sales of investments	(.07)	(.38)	?
Net profit	$2.70	$0.70	$2.60–$2.75

(This is under no circumstance to be construed as an offer to sell, or as a solicitation of an offer to buy, any security referred to herein.)

This Week's Forum Participants and Their Selections

EDWARD A. SALERNO

Security Analyst

A. C. Allyn & Co., Chicago, Ill.

Members: New York Stock Exchange
Midwest Stock Exchange
American Stock Exchange (Assoc.)

Fairmont Foods

Currently selling at about 11 times estimated 1959 earnings and yielding almost 5%, Fairmont Foods represents a sound vehicle for both income and capital appreciation. Starting with a single butter churn in Fairmont, Nebraska, this 75-year-old company now processes and distributes quality dairy products in 22 states and ranks among the 500 largest corporations in America.

Edward A. Salerno

The progress which this company has made during the last seven years can be laid to the long-range planning of a sound management team. The fiscal year ended February, 1952, saw sales at an all-time high of $121 million, yet per-share earnings fell from $3.30 to $0.53. It was at this time that management inaugurated the program which the company is still following. Quite simply, this program called for a substantial change in product mix, which was made up chiefly of such low profit items as poultry, butter and eggs; the elimination of uneconomic plants; improvement of operating efficiencies, an accelerated marketing program, increased product research activities, and product diversification.

The goals of this program were achieved in good time and with excellent results. First of all, 71% of 1958-59 sales came from ice cream, milk and cottage cheese, while poultry, butter and eggs accounted for only 19%. Poultry and frozen foods are no longer processed, but are only distributed. After-tax profit margins were 2.1% of sales for the six-month period ended Aug. 31, 1959, up from 0.3% in 1952. Inventory turnover increased from 7.0 times in fiscal 1952 to 18.9 times in fiscal 1959. With the elimination of unprofitable items and reduced plant, sales declined from $121 million to $98.5 million. But net income increased from $450,000 to over $1.5 million, with per-share earnings rising from $0.53 to $2.40. Dividends, paid since 1904, have been increased in each of the last six years and are currently at an annual rate of $1.60.

In March, 1959, Fairmont acquired for cash all of the assets of Kitty Clover, Inc. of Omaha, Nebraska. This company processes and sells potato chips and a limited line of related items, operating in six Midwestern States. This is Fairmont's first step toward such diversification.

Fairmont has a new research laboratory in Omaha, Neb., which is one of the most modern and completely equipped in the dairy food industry. Facilities include a complete pilot plant operation,

Continued on page 4

Longer Term Loan Trend Implications for Banking

By A. L. Mills, Jr.,*Member, Board of Governors of the Federal Reserve System

Concerned about the decreasing liquidity in commercial banking lending practices, a bankers' banker asks whether it will atrophy the commercial banking system and jeopardize the accommodation of short-term working capital needs of trade, commerce and industry. Not unaware of the benefits accruing from the build-up of real estate, term and consumer installment loans, nor the development of extraneous sources of support to fall back on, Mr. Mills ponders whether this will lead to a demand for the Federal Reserve to keep adding a top layer of liquidity to commercial banks and, in turn, lead to inflationary consequences. The Governor concludes that use of savings is preferable to credit when the latter imperils liquid, viable commercial banking. Turning to the merger-consolidation trend, he raises the question whether there are sufficient number of banking offices and whether it endangers the dual banking system.

We live in the present with an eye to the future, but with the present and future deeply rooted in the past. In looking backward, a stance is given for looking forward and I propose, first of all, to look back over the years since 1920 that I have been identified with the banking profession. In analyzing and comparing some of the events that have taken place during that time, perhaps some new light can be thrown on the relationship of our supervisory duties to the operations of the banks for which the public holds us responsible.

Allan B. Mills

As an aftermath of World War I, the inflationary bubble of the war years burst in 1920. Commodity prices fell drastically with pronounced adverse repercussions on the commercial banking system. Loans and investments that had been made on inflated wartime values defaulted and brought about numerous bank failures. The agricultural sections of the nation were particularly hard hit and experienced severe depression beginning in that year. Meanwhile, a resurgence of pent-up wartime demands brought prosperity to the areas of the country in which commerce and industry were concentrated. This was the time of the so-called "new era" when a false sense of financial security was encouraged by a pseudo price stability. The fact was ignored that an even price level had been produced by an averaging of rising finished goods prices and falling agricultural prices. Overconfidence in the economic future fanned the embers of speculation into flame and a major inflation of security prices occurred that swept on to a climax and collapse in 1929.

The ending of the speculative boom pulled the props out from under the values of the assets supporting the commercial banking system and heralded the onset of the depression years of the 1930s. A new and cataclysmic wave of bank failures followed the spread of economic distress from agriculture into commerce and industry. Between 1929 and 1933 the number of commercial banks fell from 24,970 to 14,207. Emergency fiscal and monetary measures taken during later depression years were able to stimulate a substantial increase in commercial bank deposits from a low point in 1933, but in the absence of restored business confidence bank loans did not rise and values remained in the doldrums.

Banking Changes in the 1930's

It was learned from this experience that emergency measures aimed at increasing the volume of bank deposits by pump-priming processes cannot by themselves repair values that have been destroyed by deflationary forces stemming from a previous inflation, or fully restore public confidence in a shaken banking system. Alive to these circumstances, public attention was focused on what methods could be devised to maintain confidence in the safety of the banks for all time and prevent them from again falling prey to the evils of a cumulative loss in values generated in part by actions they themselves had been forced into in order to defend their solvency.

Remedial legislation evolved out of ensuing studies and Congressional debates. As a buttress against the depressive effects on values that occurred in bad times when banks were obliged to meet deposit losses by forcing the liquidation of loans, the Federal Reserve Act was amended to strengthen its primary purpose of providing an elastic currency by way of augmenting the availability of loan credit to the commercial banks. This was done so that heavy and unforeseen withdrawals of deposits could be met by borrowing at the Federal Reserve Banks rather than by forcing the liquidation of loans and investments to meet that contingency. In thus having devised a practicable method for helping to conserve the asset values of a single bank from unforeseen deposit pressures, a means had also been provided for preventing the cumulative spread of such pressures to other banks.

An answer to the problem of how to maintain confidence in the

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Heard at the ABA Convention

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OBSERVATIONS...

BY A. WILFRED MAY

ON BEING "BEASTLY TO THE BRITISH"

The plethora of objections to our Development Loan Fund's decision to require the recipients of its Aid dollars to spend them here, has largely narrowed to two misconceptions. One is the assumption that such so-called "tying" constitutes a return to protectionism, or at least export subsidy — in any event a component of trade policy. This version of our action takes it completely out of context. Primarily motivating Secretary Anderson, surely, is our dire need for some offset to the continuing losses in our reserves. They emanate from no trade deficit, but from our ever-continuing Aid Programs (with I. D. A. and the Inter-America Bank still to come).

A. Wilfred May

Moreover, the U. S. is being charged with displeasing, or at least bewildering, our Western Allies, notably the British. In fact, London is said to be particularly annoyed by our supposed "return to protectionism."

Guilt Feelings

Shall we harbor guilt feelings over being so "beastly to the British"? Must we be concerned over the possibility of her disapproval of our so minimum an offset to the inroads of our reserves, stemming from the never-ending outpourings of our largesse? London, again the world's currency center, herself has "tied" a good 40% of her 1958-59 lending. And previously she had placed limitations on foreigners' use of her sterling which were far more restrictive than any official "tying."

Incidentally, less than one-half of 1% of our postwar aid of $7.7 billion to London has had any strings whatsoever attached.

* * *

PORTRAIT OF THE MARKET

Interesting are the results of the New York Stock Exchange's Ninth Public Transaction Study. The Exchange since 1952 has once or twice a year on a day taken at random collated and analyzed all transactions. To formulate a character analysis of the Great American Investing Center the following phases, via questionnaire technique are covered: the percentages of total volume engaged in by public individuals, by institutions and intermediaries, by N. Y. Stock Exchange members, by income groups, by sex, and on margin.

The poll method is used to aid judgment as to the investment-versus-speculative character of the market.

The differential between the investment and speculative classifications is made by the Exchange on the premise that six-months or more of holding furnishes an admission ticket to the "investment" club.

On this premise Exchange President Funston, reporting on his latest poll taken June third last, comes up with the encouraging finding that 64% of the share volume transacted by public individuals was intended for six-months-or-over holding, "revealing the predominantly investment character of the market."

Several doubts dealing with the Exchange's questionnaire procedures come to mind. Whereas the information given by those on the selling side, dealing with completed transactions, is valid; the data elicited from the equal number on the buying side, relying on a mere expression of intent, must be nebulous. Buyers in reporting for "respectability" might well lean to claiming an "investment" role. The intent as reported may well be subsequently altered, as a result of change in either market conditions or in the new holder's emotions.

Confirming this, although the Exchange does not include the breakdown in its published material, we are informed that 68% of the buyers reported themselves as six-month "investors"; while only 60% of the sellers, who were reporting on a completed transaction, were in that austere "investment" class.

We suggest that considerably more reliable than the poll-technique for getting the sought "investment-versus-speculative" information, are the stock market credit fluctuations. Customers' net debit balances now stand at $3.3 billion, a 33% rise since the turn of the year.

Honorary Member of the "Beat-the-Market Club"

The Exchange's statistical data are interesting. But far more significant is the concept expressed by the President of the New York Stock Exchange of a stock's retention for a 180-day, or even a 365-day interval, as indicating "long-term investment" motivation.

If anyone doubts the absurdity of stretching "investment sacrosanctity to include 180-day transactions, let him realize that the brokerage commission charges alone—equivalent to 2.77% for a round-trip on a $25 stock, and 1.9% on a $50 share — (and without any allowance for personal income tax) wipe out the entire income return (1.5% or so) on a six-month holding.

* * *

A P.S. to Dichotomy*

From a news release describing a prominent brokerage firm's new quarters: "A double board room will be featured and the investment research department expanded".

Nothing is said about a barbed wire fence separating the two.

*A fancy word for double-talk.

The Security I Like Best

Continued from page 2

new processing equipment, an analytical and bacteriological laboratory, and a large basic research laboratory. The pilot plant will make it possible to duplicate in small scale most of the manufacturing procedures used by Fairmont. The goals of research are basically: better product utilization, process improvement, product improvement, and new product development. Fairmont has a series of new convenience products scheduled for marketing in the near future.

Earnings for the six months ended Aug. 31, 1959, were $1.61, based on 619,026 average shares outstanding, compared with $1.41 for the like 1958 period, based on only 578,647 shares then outstanding. Any further dilution potential appears negligible since the conversion privilege of the preferred stock expired June 30, 1959. With fiscal 1960 sales estimated at $100 million, and assuming a 2% after-tax profit margin, net income should reach approximately $2 million, or roughly $3.20 on the average number of shares outstanding. With earnings reaching a $3 level, and in view of the Fairmont's dividend record, it appears reasonable that the dividend might well be increased again in the foreseeable future.

Form J. M. Tait Assoc.

CINCINNATI, Ohio—John M. Tait & Associates, Inc. has been formed with offices at 2330 Victory Parkway to engage in a securities business. Officers are: John M. Tait, President; Joseph J. Broderick, Vice-President, and C. J. Tait, Secretary-Treasurer.

Joins Lester Grant

(Special to THE FINANCIAL CHRONICLE)

OAKLAND, Calif.—Dennis George has joined the staff of Lester Grant & Co., Central Building. He was formerly with Henry F. Swift & Co. and Grant, Fontaine & Co.

Mason Brothers Add

(Special to THE FINANCIAL CHRONICLE)

OAKLAND, Calif. — Sydney A. Stitt has been added to the staff of Mason Brothers, First Western Building, members of the Pacific Coast Stock Exchange.

Joins Kidder, Peabody

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Ernest M. Dickson has become affiliated with Kidder, Peabody & Co., 140 Montgomery Street. He was formerly with C. N. White & Co.

The State of TRADE and INDUSTRY

Steel Production
Electric Output
Carloadings
Retail Trade
Food Price Index
Auto Production
Business Failures
Commodity Price Index

On the 116th day of the longest and costliest strike in the history of the steel industry the Justices of the United States Supreme Court, voted eight to one, to uphold the validity of the Taft-Hartley Act injunction returning the 500,000 strikers back to their jobs for 80 days. Justice William O. Douglas, the sole dissenter, would have sent the case back to the lower court to make the government prove why it needed the entire industry, instead of a few plants, opened for Defense requirements.

When the Court's decision became known in Washington, David J. McDonald, President of the United Steel Workers of America, officially announced that the Union workers as good citizens, would, of course, comply with the injunction appeal decision.

Thereupon, Mr. McDonald sent telegrams to the members of the Union instructing them "to resume work forthwith." It may, however, be several days or possibly two weeks before all the blast furnaces can be readied for full operation. Certainly, sometime will elapse before related industries such as the automobile, electrical appliances and others which are dependent on steel for the manufacture of their products, are able to get back to normal production.

The Supreme Court decision cancels out the "stay" order granted by the Federal District Court in Pittsburgh when the Union appealed its case to the Supreme Court after President Eisenhower reluctantly invoked the Taft-Hartley Law on Oct. 19, the Union instructing them "to resume work forthwith." It may, Law was unconstitutional. The "stay order" ended when the Supreme Court handed down its historic decision.

It is interesting to note that "Steel" the well known national weekly states in its Nov. 9 press release, that "the steelmakers have lost $3,493,000,000 in sales and $672,000,000 in overhead depreciation and salaries of nonproduction workers in steel. Lost steelworker wages amount to $1,172,500,000. Tax losses to the United States are tallied at $755,000,000 and lost production has climbed to 32,664,000 ingot tons."

Under the provisions of the Taft-Hartley Act the 80-day "cooling off period" will expire Jan. 26 after which the workers may renew the strike if management and labor do not compose their differences by that time.

Housing Decline to Curtail 1960 Construction

A decline in housing will offset gains in other major construction categories next year and produce a slight drop in total construction contracts in 1960, according to the annual outlook statement released today by F. W. Dodge Corp.

The downturn would be the first since the end of World War II, the Dodge analysis indicated, but it would be small, amounting to a drop of about 1% below the record-breaking 1959 total.

The outlook statement, prepared by Dodge Vice-President and Economist George Cline Smith in collaboration with other staff members, indicates that non-farm housing starts in 1960 will total about 1,250,000 units. In terms of contracts, they will be down about 10% in physical volume (as measured by floor area) and 8% in dollars.

Because housing is the largest single construction category, this decline will counterbalance gains expected in non-residential building and heavy engineering contracts.

Nationwide Bank Clearings 12.0% Above 1958 Week

Bank Clearings this week will show an increase compared with a year ago. Preliminary figures compiled by the "Chronicle" based upon telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, Nov. 7, clearings for all cities of the United States for which it is possible to obtain weekly clearings will be 12.0% above those of the corresponding week last year. Our preliminary totals stand at $25,591,362,639 against $22,841,466,446 for the same week in 1958. Our comparative summary for some of the principal money centers is as follows:

Week Ended Nov. 7—	1959	1958	%
New York	$13,210,999,950	$11,375,320,221	+16.1
Chicago	1,317,913,143	1,167,064,109	+12.9
Philadelphia	1,072,000,000	1,089,000,000	— 1.6
Boston	913,809,937	805,580,322	+13.4

For a detailed summary of bank clearings in U. S., refer to the Statistical Edition of the "Chronicle," issued Mondays. For this week's summary for the leading banking centers, refer to page 45 of the Nov. 9 issue.

Injunction Seen Short Reprieve for Most Steel Users

The Taft-Hartley injunction will mean only a short reprieve for most steel users. And it will result in the most competitive steel market since the immediate postwar period, the "Iron Age" comments.

The national metalworking weekly predicts that shipments during the injunction will yield little more than emergency supplies for most steel consumers. Only a few will be able to get enough steel for full production; none will be able to rebuild inventories.

Return to production and normal steel shipments will be slower than the optimistic reports issued from the mills shortly after the injunction was upheld.

Threat of a new strike will hang over all steel mill operations

and the possibility of another shutdown will be a foremost consideration in all production plans.

The "Iron Age" makes these comments on overall effects of the T-H injunction:

Layoffs and cutbacks in major consuming industries will continue for a minimum of four weeks.

The scramble for steel from all sources will be undiminished. Premium prices for conversion and broker steel will still be paid. Conversion for cold-rolled sheet will continue for possibly six months.

In procuring steel, users will be up against double competition. Big consumers will use every pressure possible to obtain first and largest shipments; producers will be under equal pressure to channel scarce ingots to the most profitable items. (These are cold-rolled sheets, stainless, tinplate and galvanized.)

The "Iron Age" adds that approval of the Taft-Hartley Act by the Supreme Court will have no effect on the labor negotiations.

Put bluntly, the magazine says, the 80-day cooling off period will heat up both sides . . . it would be naive at this stage to look for a quick, voluntary settlement.

A general timetable for the industry's recovery of production runs like this:

Twelve days to three weeks to reach 80% of steel ingot capacity.

Four weeks to get any semblance of tonnage shipments.

Six to seven weeks for a balanced steel shipment schedule.

Nine months before the last vestiges of steel tightness ar gone from the market.

Mills face a problem of mammoth proportions in returning to production. Damage to openhearths and blast furnaces can not be determined, but it is substantial.

For some days, openhearths will be cold-charged, that is, with pig iron and scrap until blast furnaces bring out their first quality iron. This will mean a slower and lower rate of production by openhearths.

Some blast furnaces will not be started up immediately, but will have to undergo major overhaul. If a settlement does not seem likely, they may not be put into operation until a contract is signed.

Gray Market in Steel Is Flaring

Automobile production will be drastically cut in November because of steel shortages, "Steel," the metalworking weekly, said.

Automakers figure they will produce only 278,000 cars this month, less than half of what they intended to make and 45% less than were built last month.

General Motors Corporation's Fisher Body Division has only two or its 30 plants operating. Ford and Chrysler are staggering schedules and readjusting steel stocks to keep going. American Motors Corp. is running close to capacity because it bought an extra 30 days' stock at high prices when the walkout was a few weeks old. Studebaker-Packard Corp. is operating at nearly full rate.

The gray market is flaring, "Steel" reported. Structural fabricators in Pittsburgh are being offered material by New York brokers at twice the normal mill price. Brokers are selling foreign steel at whatever the traffic will bear. A Belgium-French-Luxembourg combine last week quoted increases of $1 to $2.89 a ton.

Consumers are supporting the steel mills in the labor struggle. Even though steel shortages may force them to curtail operations, they indicate they prefer to accept their portion of the "hurt" rather than have the mills lose the battle.

The fourth quarter outlook for metalworking companies is not good. "Steel" says four of five metalworking plants will be closed or have sharply curtailed operations by the end of November because of the steel shortages. More than 400,000 metalworkers have been laid off for lack of steel. The number will increase by at least 50,000 a week for the next several weeks.

Third quarter reports show profits of most companies were ahead of the 1958 pace. But business fell below the second quarter level because of seasonal influences, labor strife, and some steel shortages late in the quarter.

Last week's steel output was about 382,000 ingot tons. Operations were at 13.5% of capacity, 0.4 point above the previous week's rate.

"Steel's" price composite on No. 1 heavy melting grade of scrap advanced $1 a gross ton to $45.33 after holding unchanged for three straight weeks. With steel mills faced with the problem of an acute shortage of iron ore next spring, scrap is continuing to rise. As the shortage of ore becomes some apparent, steel mills will draw more heavily on scrap, and a continued uptrend in scrap prices is probable.

Latest Steel Output Figures Delayed

The American Iron & Steel Institute announced that steel output figures for week ended Nov. 9 will not be available until a later date than is customary. The delay is occasioned by the fact that a start of full production throughout the industry did not get underway until Saturday, Nov. 7. On that day the U. S. Supreme Court ruled that the Steel Workers Union, which struck virtually the entire industry, beginning July 15 last, must return to work pursuant to the 80-day cooling-off period invoked by President Eisenhower under the Taft-Hartley Act. The Court,

Continued on page 34

Kendall Co. – Textiles, Tapes And Surgical Dressings

By Dr. Ira U. Cobleigh, Enterprise Economist

Current comment on a well managed company that has moved forward to become a major factor in health, hygiene and hospital supplies

The Kendall Company started out as a quite undistinguished cotton textile enterprise with a single plant in Walpole, Mass. As the decades (about six of them) have rolled by, Kendall has steadily expanded to include some sixteen plants, three of them abroad, giving employment to more than 7,000 people; and the company has grossed over $100 million in each year since 1955. This year should be the best one in company history.

Ira U. Cobleigh

While you may not be familiar with the Kendall Company name, you are certainly familiar with many of its trademarked products. If you cut your finger you may apply a Curad adhesive bandage or tape. They have a waterproof variety now. If you're unlucky enough to require surgery, the incision may be swabbed or dressed with "Curity" gauze or absorbent cotton, or swathed with Bauer and Black surgical dressings. If you're footsore or plagued by a corn or bunion, a Blue Jay pad or plaster may be in order. There's a "Bike" line of elastic athletic goods; and, again under the "Curity" name, there's a line of diapers, disposable and otherwise. So in one way or another you have probably paid tribute to the Kendall Company on many occasions. These hygiene and health products account for around 55% of the company's' sales.

The next most important business is in woven and finished textiles which, in 1958, accounted for about one-third of sales. These include gray and finished print goods and such household items as dish towels, polishing cloths, cheesecloth and sheets. This is the more volatile section of the company's business reflecting conditions in the textile industry generally.

Kendall has been conducting major research in non-woven fabrics. These are produced by bonding together webs or grids of textile fibers into a sheet. These sheets are then applied to produce absorbent or wiping cloths for home and factory and milk filters for the dairy industry.

Research has also been applied to non-textile products, of which the most significant one is called PolyKen. This is a polyethylene tape useful for industrial coatings. Pipelines have found this PolyKen most useful for protective wrapping, and the new natural gas pipeline running from Baton Rouge to Miami is using three million dollars worth. This durable tape may well add exciting new dimensions to Kendall Company earnings power.

The steady advance of Kendall from a basic textile company into more diverse consumer product lines has been due to the research and development program, touched upon above, and to aggressive advertising. The research program involves over 100 in personnel and an annual outlay of over $1 million; the advertising budget is around the same figure.

In the five years 1954/9 over $25 million will have been spent on capital expenditures. These large scale outlays have created a broader base for earning power which will find appropriate reflection in the earnings statements of 1959 and 1960. For this year we would estimate Kendall earnings at $4.40 per share (against $3.60 in 1958); and for 1960 we think $5.00 a share is quite possible.

While all this expansion has been going on, the common dividend has been maintained at the rate of $2 a year. With rising earning power, and capital outlays in future financed almost entirely from the $2½ million depreciation account, there is legitimate reason to expect a larger cash dividend payout.

Capitalization of the company is quite uncomplicated: 15 million in long debt, 34,019 shares of $4.50 preferred and 1,015,000 common shares. After trading for many years over-the-counter, Kendall common was listed on the New York Stock Exchange in June of this year. The opening sale was $62.50. The present price is $57 a share on the basis of which the stock yields 3.5%. The most comparable equity is Johnson & Johnson (largest company in surgical health and hygiene) whose common sells at around 26 times earnings. On that basis KEN common selling at less than 13 times current earnings, might well appear both attractive and undervalued. We're not saying that Johnson & Johnson and Kendall should sell in the same price earnings ratio; but the present disparity seems unwarranted.

Since 1953, Kendall common has displayed little market volatility ranging between a low of 26 (in 1957) and a high of 63 this year. The steadiness of the stock in intervening years was consonant with a quite unvarying trend in earnings. Now, however, a corner has been turned. Substantial plant investment, broadened product mix, and better profit margins in the strictly textile operations suggest a more dynamic market in KEN common. The company appears to be growing at a rate of about 6% compounded. In the first 36 weeks of this year net earnings rose 64% over the same period in 1958.

The financial position of Kendall has been consistently good. At Dec. 27, 1959, the current ratio was 8 to 1 and worked out to $33 a share for the common, in net working capital alone. There is no visible need for financing here for some time to come and, accordingly, stockholders need have no fears about possible dilution of their equity. Incidentally there are now about 3,800 holders of KEN common.

One of the more rapidly growing industrial segments is in hospital supplies. With so many new suburban areas and the increasing per capita expenditure on health, the demand for expanding, building and equipping of hospitals has never been greater. Favorably placed in a position to share in this hospital growth is The Kendall Company with a top, and long established, reputation for excellence in its surgical supplies. Further the business of supplying hospitals is unusually well insulated against depression. Illness and the need for surgery are not slaves to a business cycle!

Many investors shy away from a company if they see it's going to need a lot of capital outlay to catch up, or stay even with its competitors. In the case of Kendall there is no occasion for such concern. Plant and equipment are modern and in excellent shape; and manufacturing and sales efficiency were never higher. It's a long day since Kendall started turning out cotton batting at Walpole; and today the company is batting out profits so satisfactorily that many new investors are apt to get a liking for, and cotton to, Kendall common!

COMING EVENTS

IN INVESTMENT FIELD

Nov. 14, 1959 (Philadelphia, Pa.)
Investment Traders Association of Philadelphia 7th Annual Dinner Dance at Germantown Cricket Club.

Nov. 18, 1959 (Minneapolis, Minn.)
Twin City Investment Women's Club dinner and meeting at the Can Can Room, Hotel Dyckman.

Nov. 29-Dec. 4, 1959 (Bal Harbour, Fla.)
Investment Bankers Association Annual Convention at the Americana Hotel.

April 6-7-8, 1960 (Dallas, Tex.)
Texas Group of Investment Bankers Association of America 25th annual meeting at the Sheraton Dallas.

(April 8, 1960 (New York City)
New York Security Dealers Association 34th annual dinner in the Grand Ballroom of the Hotel Biltmore.

Gazarian, Essendrop

COLORADO SPRINGS, Colo. — Gazarian, Essendrop & Company has been formed with offices at 212 East Monument to engage in a securities business. Officers are Gerald O. Essendrop, President; Theodore Gazarian, Vice-President; and Laurie Carver, Secretary-Treasurer. Mr. Essendrop and Mr. Gazarian were formerly with Investment Service Co. of Denver.

TAX-EXEMPT BOND MARKET

BY DONALD D. MACKEY

The market for tax-exempt bonds has been easier this week, following as it usually does other more sensitive sectors of the general bond market. The reason for this passive quality is found in the fact that most State and municipal issues are bought, sold and traded in terms of basis rather than price. This simple translation has not usually caught up with the dollar quotes until after the fact.

Although the municipal market was firm on Thursday and Friday of last week, trading was quiet as was the New Issue business, due largely to a scarcity of stimulating offerings. On Monday and Tuesday of the current week the market eased slightly for little other reason than the turn in the steel situation and its complex impact upon the financial community, plus the imminence of about $2 billion of U. S. Treasury cash financing scheduled to be announced next week. It is typical that the discounting of such well known items is an abrupt market move, rather close to the event, rather than a considered transition.

Dollar Bonds Ease

The Dollar-Quoted tax-exempt term bonds are down on an average of a point since last week. Secondary offerings of serial state and municipal bonds are little changed in terms of basis. There have been no important new issues by which to judge the underwriting phase of the market but a few issues of lesser importance indicate that bidding was off about 10 basis points on Tuesday.

For example, the State of Mississippi awarded to the First National City Bank of America group an issue of $14 million general obligation school bonds (1960-1975) at an interest cost of 3.594%. This issue, had it been sold last week, almost certainly would have fetched a bid better than the foregoing terms. The issue was quite well received, the reported retail balance being about $6,800,000.

Orange County, California rejected bids Nov. 10 for its $7,300,000 Sanitation District bonds. Bids for the two issues approximated a 4.00% interest cost and officials apparently believed better bidding would be forthcoming with more propitious market timing.

An exception to the easier trend in new issue bidding involves $1 million Santa Barbara, California High School District bonds (1960-1984) which came to market Monday. This scarce, high grade name brought a 3.395% bid by the F. S. Smithers & Company group. Bonds are scaled to a 3.45% yield. The bidding for high grade, scarce items frequently overlooks minor market fluctuation.

Calendar Building-Up

The New Issue Calendar is likely to officially expand in the near future. Notable possibilities include: $100,000,000 California serial bonds sometime in December; about $90,000,000 Massachusetts serial bonds also in December; $20,000,000 Puerto Rico, General Obligation serial bonds for early December and about $45,000,000 Elizabeth River Tunnel (Virginia) bonds with a target date in January. Should these issues come to market, along with those already scheduled, it would presently appear as only a moderately heavy new issue schedule. Providing no important bond market pressures develop (the Treasury seems about through for the year, after the proposed $2 billion cash offering next week) and sensible spacing of the large new issue sales, no extraordinary underwriting problems seem involved.

Earlier Emissions

A brief resume of relatively recent important new issue underwritings follows. On Nov. 4, $10,700,000 Humboldt Bay Water District, California bonds (1964-1998) were bought by the Halsey, Stuart & Company-John Nuveen & Company group on a 4.12% interest cost bid. This issue is about one quarter sold. The $8,335,000 Atlanta, Georgia (1960-1986) issue sold the same day to the Bankers Trust Company group reports a current balance of $1,250,000. On Nov. 5, Hammond, Indiana Sanitary District awarded $4,100,000 (1962-1986) bonds to the Northern Trust Company-White, Weld & Company group at a 3.846% interest cost. The balance, as we go to press, is about $1,600,000. Oklahoma County, Oklahoma S/D No. 89 awarded $4,100,000 (1961-1970) bonds to the Goldman, Sachs & Company group. This issue is indicated as less than half sold. As for the Roanoke, Virginia issue of $3,000,000 (1960-1989) awarded on Nov. 5 to the Halsey, Stuart & Company-Kidder, Peabody & Company and Blair & Company group, better than half of the bonds have been sold.

Current Week's Business

There were no important new issues up for sale on Monday but several sold on Tuesday. The previously mentioned $14,000,000 Mississippi general obligation issue was rather well received at a price scale slightly below that which would have obtained a week ago. Caddo Parish, Louisiana awarded $5,000,000 school district bonds (1960-1979) to Halsey, Stuart & Company-Northern Trust Company-Harris Trust & Savings-B. J. Van Ingen & Company and associates at a 3.778% interest cost. A good reception is indicated, with about $1,500,000 in current account. The only other sizeable tax-exempt underwriting was $3,720,000 Maine, New York, School District (1960-1988) bonds, awarded to Smith, Barney & Company-Kidder, Peabody & Company-R. W. Pressprich & Company and Hornblower & Weeks and associates. The balance in account is about $2,000,000.

The Commercial & Financial Chronicle's Weekly Index for High Grade State and municipal serial bonds is unchanged at 3.43%. Since last week the "Blue List's" State and municipal bond total has jumped from $225,348,327 to $258,087,327 as of Nov. 11.

MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California (State)	3½%	1978-1980	3.75%	3.60%
Connecticut (State)	3¾%	1980-1982	3.45%	3.30%
New Jersey Highway Auth., Gtd.	3%	1978-1980	3.50%	3.35%
New York (State)	3%	1978-1979	3.45%	3.30%
Pennsylvania (State)	3⅜%	1974-1975	3.30%	3.15%
Vermont (State)	3⅛%	1978-1979	3.25%	3.10%
New Housing Auth. (N. Y., N. Y.)	3½%	1977-1980	3.40%	3.25%
Los Angeles, Calif.	3¾%	1978-1980	3.85%	3.65%
Baltimore, Md.	3¼%	1980	3.65%	3.50%
Cincinnati, Ohio	3½%	1980	3.50%	3.30%
New Orleans, La.	3¼%	1979	3.90%	3.75%
Chicago, Ill.	3¼%	1977	3.85%	3.70%
Boston, Mass.	3¾%	1977	3.85%	3.70%

November 11, 1959 — Index = 3.43%

DOLLAR BOND QUOTES AND RELATED INFORMATION

(Prices and yields are approximate)

Issue—	First Callable Date (as a whole)	Call Price	Offering Price	Net Changes from Prev. Week	Yield to Maturity
Chelan Co., Wash. PUD No. 1 5% 7-1-2013	1-1-1978	100	105½	+1	4.53%
Chicago-O'Hare Airport 4¾% 1-1-1999	1-1-1974	104¾	105	(*)	4.47%
Chicago Reg. Port 4% 7-1-1995	7-1-1962	103½	95½	(*)	4.24%
Florida Turnpike Authority 3¼% 4-1-1995	4-1-1962	103½	87¼	(*)	3.91%
Grant Co., Wash. PUD No. 2 3⅞% 11-1-2005	5-1-1966	103	95½	(*)	4.08%
Illinois Toll Highway 3¾% 1-1-1995	1-1-1965	103¾	74	+½	5.40%
Illinois Toll Highway 4¾% 1-1-1998	1-1-1978	104¾	91	+½	5.30%
Indiana Toll Highway 3½% 1-1-1994	1-1-1962	103	85¼	+1½	4.38%
Jacksonville, Fla. Exp. 4¼% 7-1-1992	7-1-1967	103	104	+½	4.03%
Kansas Turnpike Authority 3⅜% 10-1-1994	10-1-1962	103	76	(*)	4.79%
Kentucky Turnpike Authority 3.40% 7-1-1994	7-1-1960	104	90½	+½	3.90%
Mackinac Bridge Authority 4% 1-1-1994	1-1-1964	108	90½	(*)	4.55%
Maine Turnpike Authority 4% 1-1-1989	1-1-1958	104	83¾	+¾	5.07%
Massachusetts Turnpike Authority 3.30% 5-1-1994	5-1-1962	103½	82¾	+1¼	4.25%
Massachusetts Port Authority 4¾% 10-1-1998	10-1-1969	104	103¾	+¾	4.54%
New Jersey Turnpike Authority 3⅜% 7-1-1988	7-1-1958	103½	96	+1	3.60%
New York Power Authority 3.20% 1-1-1995	1-1-1963	103	87½	+1¼	3.85%
New York Power Authority 4.20% 1-1-2006	1-1-1970	103	102	+¾	4.09%
New York Thruway Authority 3.10% 7-1-1994	7-1-1960	103½	86½	(*)	3.80%
Ohio Turnpike Authority 3¼% 6-1-1992	6-1-1959	103	86	(*)	4.01%
Pennsylvania Turnpike Authority 3.10% 6-1-1993	6-1-1959	103	82½	(*)	4.05%
Richmond-Petersburg Turnpike 3.45% 7-1-1995	7-1-1963	103½	83½	+½	4.37%
Tri-Dam Project, Calif. 3.05% 7-1-2004	7-1-1959	104	83½	+½	3.83%
Virginia Toll Revenue 3% 9-1-1994	9-1-1959	105	85	(*)	3.77%

(*) Unchanged.

Larger Issues Scheduled For Sale

In the following tabulations we list the bond issues of $1,000,000 or more for which specific sale dates have been set.

Information, where available, includes name of borrower, amount of issue, maturity scale, and hour at which bids will be opened.

November 12 (Thursday)			
Aldine Ind. School Dist., Texas	1,000,000	1960-1998	8:00 p.m.
Cobb County, Ga.	1,000,000	1963-1989	11:00 a.m.
Indianapolis Sanitary District, Ind.	2,760,000	1962-1991	10:00 a.m.
Orange County, Fla.	1,000,000	1964-1972	11:00 a.m.
November 16 (Monday)			
Sacramento County, Calif.	2,475,000	1961-1975	10:00 a.m.
Tacoma, Wash.	3,000,000	1960-1989	2:00 p.m.
November 17 (Tuesday)			
Anaheim Union High S. D., Calif.	1,360,000	1960-1979	11:00 a.m.
Boston, Mass.	5,800,000	1960-1979	Noon
Delaware (State of)	16,350,000	1960-1979	11:00 a.m.
Delaware County, Pa.	1,000,000	1960-1984	2:00 p.m.
Dighton-Rehoboth Regional S. D., Massachusetts	2,185,000	1960-1979	2:00 p.m.
Fullerton Union High S. D., Calif.	1,000,000	1960-1980	11:00 a.m.
Hempstead Union Free Sch. Dist. No. 20, N. Y.	3,750,000	1960-1988	11:00 a.m.
Middlesex County, N. J.	2,500,000	1960-1979	11:00 a.m.
Pima County School District, Ariz.	1,329,000	1962-1979	11:00 a.m.
South Carolina (State of)	10,000,000	1960-1979	Noon
Texarkana Ind. School Dist., Texas	1,100,000	1960-1992	7:30 p.m.
Wake County, N. C.	4,250,000	1961-1980	11:00 a.m.
November 18 (Wednesday)			
Chicago, Ill.	10,000,000	1961-1977	10:00 a.m.
Greater Baton Rouge Consolidated Sewer District, La.	7,000,000	1960-1989	6:00 p.m.
Los Angeles, Calif.	12,000,000	1960-1989	11:00 a.m.
Nankin Mills School Dist., Mich.	1,200,000	1961-1988	8:00 p.m.
New York (State of)	55,125,000	1961-2009	Noon
Poughkeepsie, N. Y.	2,296,000	1960-1969	2:00 p.m.
Rochester Spec'l S. D. No. 4, Minn.	2,500,000	1961-1983	2:00 p.m.
November 19 (Thursday)			
Huntington Union Free Sch. Dist. No. 3, N. Y.	1,300,000	1960-1974	11:00 a.m.
Indianapolis Redevelopment Dist., Indiana	2,730,000	1962-1982	Noon
New Castle County, Del.	1,000,000	1960-1993	11:00 a.m.
Niagara County Water Dist., N. Y.	5,100,000	1961-1990	--------
Oyster Bay and North Hempstead Union Free Sch. D. No. 15, N. Y.	1,288,000	1961-1989	2:00 p.m.
Philadelphia, Pa.	24,780,000	1961-1990	Noon
Walpole, Mass.	1,910,000	1960-1979	11:00 a.m.
November 24 (Tuesday)			
Alabama Highway Authority, Ala.	10,000,000	[illegible]	11:00 a.m.
Boonton School District, N. J.	2,110,000	1960-1984	8:00 p.m.
Boston Metropolitan Dist., Mass.	1,801,000	1970-1990	11:00 a.m.
Escambia Co. Special Tax Sch. D. No. 1, Fla.	4,000,000	1960-1978	10:00 a.m.
Fort Wayne, Ind.	2,600,000	1960-1990	2:00 p.m.
Greenwood, S. C.	1,800,000	1961-1990	Noon
King County, Renton S. D. No. 403, Washington	1,300,000	1961-1969	11:00 a.m.
Knoxville, Tenn.	1,170,000	1961-1980	Noon
Pittsburgh School District, Pa.	3,000,000	1960-1984	2:00 p.m.
Portsmouth, Va.	6,800,000	1961-1985	11:00 a.m.
Providence, R. I.	4,550,000	1962-1981	Noon
Santa Monica Unified S. D., Calif.	2,500,000	1960-1979	9:00 a.m.
Los Angeles School District, Calif.	21,500,000	1961-1985	9:00 a.m.
November 25 (Wednesday)			
Port of Tacoma, Wash.	1,500,000	1961-1970	3:00 p.m.
December 1 (Tuesday)			
Columbus, Ohio	10,010,000	1962-1986	Noon
Edwardsburg Con. Sch. Dist., Mich.	1,495,000	1961-1989	8:00 p.m.
Los Angeles County, Calif.	2,444,000	1961-1980	--------
December 2 (Wednesday)			
Peoria Public Building Comm., Ill.	4,800,000	1961-1979	--------
December 9 (Wednesday)			
La Fourche Parish, La.	1,000,000	1961-1980	10:00 a.m.
December 15 (Tuesday)			
Fairfield Local S. D., Ohio	1,493,000	1961-1982	Noon

Outlook for Chemicals

By Jeremy C. Jenks, Partner, Cyrus J. Lawrence & Sons New York City*

Stock broker analyzes growth composition of various chemicals, to each other and to general output, to point up the variations within the chemical industry, and the favorable progress and prospects compared to U. S. industries as a whole. Mr. Jenks credits plastic materials with fastest improvement; notes continuing favorable sales-inventory ratio; expects profits margins to end up comfortably above 10-year average of 9% and, if so, predicts dividend increases.

Since the end of World War II, the Federal Reserve Board Index of Industrial Production has grown at a rate of approximately 4.5% per year; and the chemical and allied products index has grown at about 6.5% per year. The chemical and allied products group includes a number of industries such as paint and fertilizer, which have only moderate historic growth rates. Accordingly, perhaps the industrial chemical component gives a better picture of what has been happening in the chemical industry. The index of production of industrial chemicals has grown at about an 8.5% annual rate.

Jeremy C. Jenks

Since these are indexes of production, they do not take into account the changes in the price level that have occurred. Actually, the index of wholesale commodity prices of chemical and allied products now stands at only about 110% of 1947-1949. Industrial chemical prices have risen somewhat more, however, and now stand at 123.7% of 1947-1949 averages. This price level has been quite constant for the last several years with only small variations. Accordingly, as one would expect, the dollar value of chemical output has gone up more rapidly with chemical and allied products growing at a 7.5% rate since the war, compared with a growth in Gross National Product of about 6% per year. Using statistics based on the value of manufacturers sales, the chemical and allied products industry, which had sales of \$23.1 billion in 1958, has shown about a 7% rate of growth, while the value of all manufacturing sales has shown about a 6% rate of growth.

I should like to return briefly to the production indexes, because there are some very substantial variations. As I mentioned, the chemical and allied products index of production has shown about a 6.5% growth since the war; but basic inorganic chemicals have grown at about an 8% rate, industrial organic chemicals have grown at about 8.5% rate, and plastic materials have grown at a 12% rate. Accordingly, there are very real variations within the chemical industry. To make this point a little stronger the production index figures 1947-1949 equal 100, without seasonal adjustment, were as follows: in June, the latest month for which all these figures are available, and prior to the impact of the steel strike which began to be felt in July:

	%
Chemical and allied products	206
Basic inorganic chemicals	224
Industrial organic chemicals	245
Plastic materials	386

While all four of these indexes have gone into all time new high ground in recent months, the plastic materials figure has shown an exceptionally rapid improvement and stands more than 100 index points above the year ago level.

Favorable Inventory-Sales Ratio

Before I get down to cases, I should like to refer to a few other useful statistics. We keep a monthly ratio of inventory as a per cent of sales for the chemical and allied products group. The latest figures available, for July, show that inventories, which declined through most of 1958, are now increasing at a slightly faster rate than sales volume. The dollar figures are still lower than they were in early 1958; and with monthly sales volume nicely higher than a year ago, the ratio still looks quite favorable.

The chemical and allied products industry, since the war, has increased its annual expenditures for new plant facilities at about a 7% annual rate, compared with about a 6% increase for all industries. The figures bounce around quite a bit from year to year; and accordingly, it might pay to take a look at the more recent figures. In 1955 the chemical and allied products industry spent about \$1 billion on new plant facilities. This increased to \$1.5 billion in 1956, \$1.7 billion in 1957, and dropped to \$1.3 billion in 1958. It now appears, based upon actual capital expenditures for the first half and estimated expenditures for the second half, that the chemical industy will spend a little less on new plants this year than last year even though a fairly good step-up in the final quarter is anticipated. Capital expenditures for the chemical and allied products industy actually hit a peak in the fourth quarter of 1957 at about a half billion dollars and declined steadily through the third quarter of 1958 when they were about \$300 million. A small improvement occurred in the fourth quarter of 1958; but in the first quarter of 1959, the expenditures reached a low point of \$260 million. Of course, weather conditions usually make the first quarter the low quarter of the year. The second quarter figures were \$302 million; the third quarter is estimated at \$305 million, or about the same as a year ago; and the fourth quarter is estimated at about \$380 million, or nicely better than the fourth quarter of 1958. At the time these etimates were made, the duration of the steel strike may not have been anticipated; and accordingly, actual figures in the third and fourth quarter may be a little lower than the estimates.

Sales Volume

The Government compiles overall sales, earnings, and dividend figures for 21 large chemical and allied products companies. Sales volume for these companies amounted to \$5.2 billion in 1949, \$10.7 billion in 1957, and about \$10.4 billion in 1958. Based upon figures for the first six months when sales amounted to \$5.8 billion, it is obvious that volume for 1959 will be strongly in new high ground. For the ten years, 1949 through 1958, these companies have averaged a pre-tax profit margin of 19.6%. In 1958 the margin dropped to 14.8%, by far the lowest in the ten-year period. The improvement in the last several quarters has been good, however; and margins were 17.8% in the first quarter of this year and rose to 19.5% in the second quarter. Because of the change that has occurred in the tax rate, the profit margin after taxes may mean more, and for the ten-year period this average is 9%. In 1958 the margin dropped to 8%, not a bad showing, all things considered. In the first quarter of 1959, the margin was 9.2% after taxes; and in the second quarter, 9.8%. It should be added that these are based upon reported figures; and in recent years, the tax rate has been lower in the final quarter than in the first three quarters, indicating that companies may have been over-accruing their tax liabilities. Also, of course, dividends from domestic and foreign subsidiaries come in heavily in the last quarter. If this is the case again this year, we would expect that the profit margin would end up comfortably above the ten-year average of 9%.

The dividend payout for these 21 companies has been fairly constant at around 75%. Last year, as you know, dividends were well maintained in spite of the decline that occurred in earnings, so the payout went up to 86%. Again there are quarterly variations, but the payout in the first quarter was 71% and dipped to 55% in the second quarter, which is the lowest for any quarter in quite a while. This obviously forecasts that, if earnings are maintained reasonably well in the third and fourth quarters, there would be plenty of room for dividend increases.

*An address by Mr. Jenks at the Investment Forum on Chemicals, Mid-Continent Trust Conference, American Bankers Association, Detroit, Michigan, Nov. 5, 1959.

John C. Hagan, Jr.

John C. Hagan, Jr., President of Mason-Hagan, Inc., Richmond, Virginia, passed away suddenly Nov. 9th while in New York City, where he had come to attend a dinner in his honor. Mr. Hagan had been nominated for the 1960 Presidency of the Investment Bankers Association of America, which is tantamount to election.

John C. Hagan, Jr.

Mr. Hagan entered the investment business after graduation from V. M. I. in 1921 and founded Mason-Hagan, Inc. with the late Silas B. Mason in 1929. He served as a Governor of the IBA in 1952-53 and was Vice-President of the Association in 1954-55. He had been Chairman of the Southeastern Group of the Association in 1953, and was a member of the Arrangements Committee in 1959.

Reynolds Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—George C. Kimber is now connected with Reynolds & Co., 425 Montgomery Street.

Joins Reynolds Co.

(Special to THE FINANCIAL CHRONICLE)

STOCKTON, Calif. — Giovacchino Tei has been added to the staff of Reynolds & Co., 301 East Weber Avenue.

DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

IT IS UNDERSTOOD THAT THE FIRMS MENTIONED WILL BE PLEASED TO SEND INTERESTED PARTIES THE FOLLOWING LITERATURE:

Bank Stocks—Quarterly comparison of leading banks and trust companies of the United States—New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

Burnham View — Monthly Investment Letter — Burnham and Company, **15 Broad** Street, **New York 5, N. Y.** Also available in current **Foreign Letter.**

Chemical Industry — Analysis — Thomson & McKinnon, 2 Broadway, New York 4, N. Y. Also available is an analysis of the **Cement Industry**, and a report on **Borg-Warner Corp.**

Department Store and Mail Order Stocks—Review—Purcell & Co., 50 Broadway, New York 4, N. Y.

Grocery Chains—Review—H. Hentz & Co., 72 Wall Street, New York 5, N. Y. Also available is an analysis of **Dura Corporation** and memoranda on **Penn Dixie Cement Corp.** and **Pepsi-Cola Co.**

Invest—A new stock market game—$5.00—Research & Promotion Co., Division G, Jenkintown, Pa.

Japanese Stock Market—Study of changes in postwar years—In current issue of "Nomura's Investors Beacon"—Nomura Securities Co., **Ltd., 61 Broadway, New York 6, N. Y.** Also available is a review of the outlook for Plant and Equipment Expenditures in Japan for 1959 and brief analyses of **Mitsubishi Heavy Industries, Nippon Flour Mills Co., Iwaki Cement Co. and a survey of the Steel Industry.**

Japanese Stocks—Current Information — Yamaichi Securities Company of New York, Inc., 111 Broadway, New York 7, New York.

Market Outlook—Factors affecting future values of securities —Spencer Trask & Co., 25 Broad Street, New York 4, N. Y.

Oil Companies—Comparative earnings in 1959—Montgomery, Scott & Co., 120 Broadway, New York 5, N. Y.

Over-the-Counter Index—Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 20-year period—National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

Over-the-Counter Securities Handbook — Containing data on more than 925 over-the-counter companies—Over-the-Counter Securities Handbook, Department G, Jenkintown, Pa.—$7.50

Pacific Coast Stock Exchange—Directory of securities, ticker symbols and members—Pacific Coast Stock Exchange, 618 South Spring Street, Los Angeles 14, Calif., and 301 Pine Street, San Francisco 4, Calif.

Profit Situations in smaller companies—Bi-weekly publication —$15 for 3-month subscription (sample copy on request)—Investment Associates, P. O. Box 14, Hillsdale, N. J.

Public Utility Common Stocks — Comparative figures—G. A. Saxton & Co., Inc., 52 Wall Street, New York 5, N. Y.

Speculative Significance of the Inner Action of the Market—Institute for Economic and Financial Research Dept. FC, P. O. Box 124, Newton Center 59, Mass.—$2.95.

Retailers—Review of 20 leading retailers—Harris, Upham & Co., 120 Broadway, New York 5, N. Y. Also available are studies on **Montgomery Ward, United States Plywood Corp., The Chemical Industry, Municipal Bonds, Tax Guide for 1959** with switch suggestions, and lists of selected stocks for various purposes.

Savings & Loan Holding Companies—Analysis—Hill Richards & Co., 621 South Spring Street, Los Angeles 14, Calif. Also available is a review of **Cowles Chemical Co.**

Tax Exempt Bond Merchandising—Review—Park, Ryan, Inc., 70 Pine Street, New York 5, N. Y.

Tobacco Stocks—Bulletin—Bache & Co., 36 Wall Street, New York 5, N. Y.

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Allis-Chalmers Manufacturing Co.—Memorandum—Robert W. Baird & Co. Inc., 110 East Wisconsin Avenue, Milwaukee 2, Wis.

American Broadcasting-Paramount Theatres — Analysis — du Pont, Homsey & Company, 31 Milk Street, Boston 9, Mass. Also in the same circular are data on **Eagle-Picher, Korvette,** and **Olin Mathieson.**

Amphibious Boats Inc.—Review—Leason & Co., Incorporated, 39 South La Salle Street, Chicago 3, Ill.

Associates Investment Company — Report — The Milwaukee Company, 207 East Michigan Street, Milwaukee 2, Wis. Also available is a report on **Pacific Gas & Electric Company.**

Consolidated Cigar—Analysis—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Crane Co. — Memorandum — Hill Darlington & Co., 40 Wall Street, New York 5, N. Y.

Creamery Package Manufacturing Co. — Memorandum — A. C. Allyn & Co., 122 South La Salle Street, Chicago 3, Ill.

Day-Brite Lighting — Card memorandum — Scherck, Richter Company, 320 North Fourth Street, St. Louis 2, Mo.

Delta Air Lines, Inc.—Analysis—John H. Lewis & Co., 63 Wall Street, New York 5, N. Y.

Electric Storage Battery Co.—Memorandum—Walston & Co., Inc., 74 Wall Street, New York 5, N. Y.

Fairchild Camera & Instruments—Appraisal—Halle & Stieglitz, 52 Wall Street, New York 5, N. Y.

Ferro Corporation—Analysis—Alkow & Co., Inc., 40 Exchange Place, New York 5, N. Y.

Granite City Steel—Report—Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available is a list of **Preferred Stocks for Income** and an analysis of **National Biscuit Company.**

Howe Sound Company — Analysis — Parrish & Co., 40 Wall Street, New York 5, N. Y.

Imperial Oil Limited — Analysis — James Richardson & Sons, Inc., 14 Wall Street, New York 5, N. Y. Also available is an analysis of **Moore Corporation, Ltd.**

Inspiration Consolidated Copper Co.—Review in the November "ABC Investment Letter"—Amott, Baker & Co., Incorporated, 150 Broadway, New York 38, N. Y. In the same letter are data on **Niagara Mohawk Power Corp., American Seating Co., New Hampshire Ball Bearings, Inc.,** and **Lone Star Steel.** Also available are the current Amott-Baker **Real Estate Bond & Stock Averages.**

Iowa Power & Light Company—Annual Report—Iowa Power & Light Company, 823 Walnut Street, Des Moines, Iowa.

Kaiser Industries Corporation—Analysis—Jesup & Lamont, 26 Broadway, New York 4, N. Y.

National Distillers & Chemical Corp.—Analysis—A. M. Kidder & Co., Inc., 1 Wall Street, New York 5, N. Y.

Norfolk & Western Railway Co.—Memorandum—R. W. Pressprich & Co., 48 Wall Street, New York 5, N. Y.

Olin Oil & Gas—Review—Edward D. Jones & Co., 300 North Fourth Street, St. Louis 2, Mo.

Pittsburgh Plate Glass Company—Analysis—Schweickart & Co., 29 Broadway, New York 6, N. Y.

Revlon Inc.—Data—Van Alstyne, Noel & Co., 52 Wall Street, New York 5, N. Y. Also in the same circular are data on **Garrett Corp.,** and **Niagara Mohawk Power.**

Sears, Roebuck and Company — Analysis — Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Servel, Inc. — Analysis—Hornblower & Weeks, 40 Wall Street, New York 5, N. Y. Also available is a brief analysis of **Allegheny Ludlum Steel Corp.**

Shell Transportation & Trading—Memorandum—Merrill Lynch, Pierce, Fenner & Smith Inc., 70 Pine Street, New York 5, N. Y. Also available are memoranda on **J. P. Stevens** and **U. S. Rubber Co.**

Sisters of Notre Dame of Toledo, Ohio direct obligation serial notes—Bulletin—B. C. Ziegler and Company, Security Building, West Bend, Wis.

Standard Accident Insurance Company—Analysis—Blair & Co., Incorporated, 20 Broad Street, New York 5, N. Y.

United Greenfield Corporation—Bulletin—De Witt Conklin Organization, Inc., 120 Broadway, New York 5, N. Y.

Valley National Bank of Phoenix—Analysis—William R. Staats & Co., 640 South Spring Street, Los Angeles 14, Calif.

Vendo Company—Data—Weil & Company, 734 Fifteenth Street, N. W., Washington 5, D. C. Also in the same circular are data on **Drug Fair-Community Drug, Electro Instruments, Scholz Homes, Inc.,** and **Erdman, Smock, Hosley & Reed, Inc.**

Now Madison Planning

David Silbert is now conducting his investment business under the firm name of Madison Planning Company from offices at 99 Wall Street, New York City.

With R. W. Pressprich

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Walter G. Crist has become associated with R. W. Pressprich & Co., 135 South La-Salle Street. He was formerly with the Continental Illinois National Bank and Trust Company.

Straus, Blosser Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Charles E. Jacobsen is now connected with Straus, Blosser & McDowell, 39 South La Salle Street, members of the New York and Midwest Stock Exchanges.

With Burton J. Vincent

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Henry C. Ferren is now associated with Burton J. Vincent & Co., 105 South La Salle Street. He was formerly Chicago representative for North American Securities Co.

H. O. Peet Branch

KANSAS CITY, Mo.—H. O. Peet & Co., members of the New York Stock Exchange, have opened a branch office at 4643 Wyandotte Street under the management of Graham T. Hunt.

With Lester, Ryons

LOS ANGELES, Calif. — Darby Maner is now with Lester, Ryons & Co., 623 South Hope Street, members of the New York and Pacific Coast Stock Exchanges.

Victory of Freer Trade

By Paul Einzig

Columnist Einzig praises our forbearance in not pressing England, after the lesson learned in 1947, to remove currency inconvertibility and trade discrimination prematurely. He notes liberalizing steps taken long before our balance of payments changed to the worse and the prompt willingness to end most of the remaining discrimination in response to our recent request. In retrospect, he admits he erred in opposing Bretton Woods and particularly honors it for insisting on fixed parities of exchange which kept England down to one postwar devaluation.

LONDON, England—Britain's decision to do away with most of the remaining discriminatory restrictions against the import of goods from the Dollar Area was followed by a similar decision on the part of France. It seems that at long last the iron curtain of discrimination — compared with which even the highest tariff walls are relatively mild obstacles to free international trade—will be removed, or at any rate reduced to negligible proportions.

Paul Einzig

This change constitutes a great victory for American foreign trade diplomacy which, from an early stage during the Second World War, has consistently made its task to obtain the removal of discrimination. The fact that it took 16 years to attain that end does not in any way detract from the significance of the change. When the demand for non-discrimination was first raised by the United States Government during the war, many of us on this side were far from happy about it, because we were afraid that non-discrimination would be ended prematurely after the war, at a time when indiscriminate import of dollar goods which this country could not afford, would lead to a disastrous depletion of Britain's gold and dollar reserves. Hence the strong opposition in Britain to the Bretton Woods Plan which placed Britain under contractual obligation to discontinue discrimination and to restore convertibility.

It is true that under the Bretton Woods Agreement and the resulting Loan Agreement the provisions for non-discrimination and convertibility were to remain suspended so long as dollars remained scarce. But under the definition of the meaning of scarce currencies in the Agreement dollars were not a scarce currency, even though there was a world-wide scarcity of dollars throughout the postwar period until a year or two ago. Dollars have never been declared scarce by the International Monetary Fund, so that the United States Government could have insisted much earlier on convertibility and on the application of the principle of non-discrimination.

Lesson Learned in 1947

Fortunately the United States Government exercised its rights with wise moderation. Its only mistake was to insist on a premature return to convertibility in 1947, with the result that Britain lost the entire proceeds of the big dollar loan in a matter of months. Having learnt from this experience, the Washington Administration displayed thereafter greater understanding towards Britain's postwar difficulties and abstained from insisting either on convertibility or on non-discrimination. There would have been no justification for trying to force on Britain or on other countries a change which would only have produced a bigger surplus on the balance of payments of the United States and would only have accentuated the world-wide scarcity of dollars.

It was not until the American balance of payments had changed for the worse that the United States began to insist on non-discrimination. Long before that stage was reached Britain greatly reduced the discriminatory measures against the Dollar Area, and sterling was made to a very large degree convertible for non-residents. And the moment the Washington Administration began to stress its claim for non-discrimination the British Government took action in the desired sense in a matter of days.

The question whether this was the delayed result of the Bretton Woods Agreement is largely of academic interest. What matters is that as soon as the change in the situation had made it possible for Britain to do away with discrimination the British Government responded with alacrity to the appeal made from Washington. I am convinced that this would have been done even in the complete absence of any treaty obligations to that end. The United States Government, after its initial mistake of 1947, did not attempt to enforce the letter of the Bretton Woods Agreement and other treaties which bound Britain to the abandonment of non-discrimination, because this would have caused major difficulties to Britain. Likewise, in the absence of any obligations Britain would have willingly removed its discriminatory measures the moment it became evident that their continued existence would aggravate the difficulties of the United States.

Praises Bretton Woods

Even so, as one of the former opponents of the Bretton Woods Agreement I must admit that experience has justified its existence. There would have been less opposition to it if it had been made clear at the time that its provisions would be applied in a spirit of give-and-take. But then if there is a spirit of give-and-take there is no imperative need for agreements.

In one respect the Bretton Woods Agreement has rendered invaluable service to Britain and possibly to many other countries —by establishing rigid parities between the currencies of the member countries. On the basis of prewar experience this was strongly opposed in many British quarters, for fear that Britain would be prevented from relieving a major deflationary pressure by devaluing sterling. In fact the rigidity of Bretton Woods parities saved sterling from a series of devaluations amidst inflationary postwar conditions. Had it not been for the Bretton Woods system, the British Governments that succeeded each other since 1945 would have cheerfully devalued whenever there was pressure on the pound, instead of trying to defend the pound. As it was, with one isolated exception in 1949, pressure on sterling was resisted. Every man, woman and child in Britain is indebted for this to the men of Bretton Woods.

F. M. Rowles Opens

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif.—F. Morris Rowles is engaging in a securities business from offices at Stockton Boulevard and Lemon Hill Ave.

Named Director

George S. Moore has been named a director of the Discount Corporation of New York. Mr. Moore, President of the First National City Bank, succeeds Howard C. Sheperd, former Chairman of First National City Bank, who retired from the Board of Discount Corporation.

Joins Geo. Eustis

(Special to THE FINANCIAL CHRONICLE)

CINCINNATI, Ohio—Earl J. Carson has joined the staff of Geo. Eustis & Co., Tri-State Building, members of the Cincinnati and Midwest Stock Exchanges. He was formerly with Westheimer & Company and Russell, Long & Burkholder.

Now With Ball, Burge

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — John A. Furlong has been added to the staff of Ball, Burge & Kraus, Union Commerce Building, members of the New York and Midwest Stock Exchanges. He was previously with Green, Erb & Co., Inc.

Are Our States Hard Up?

By V. Judson Wyckoff, *Department of Economics, DePauw University, Greencastle, Ind.*

State governments in a good many instances are in a financial morass and most likely will take the two easiest ways out—i.e., debt and federal aid. This is but one of several observations made in Prof. Wyckoff's analysis of fiscal affairs on the state level. The author recapitulates the disturbing consequences of strained state budget; notes the apathetic response of taxpayers to the increasing trend in governmental functions and mounting debt; and foresees upward shift in control from local to state and from state to national government. Some hope is held out in slowing down this trend if more people realize that "let the government do it" philosophy means more taxes or debt.

This past fiscal year, which in most cases ended June 30, 1959, brought $15.8 billion in tax money to the 48 states (with an estimated additional sum of $120 million to Alaska and Hawaii). The total was almost $1 billion or 6.1% more than for the prior fiscal period with all but three states (Minnesota, Nebraska, and Oregon) participating in the increased tax collections. Even these three states showed declines of less than 5%.

V. J. Wyckoff

When the Bureau of the Census at a later date obtains full financial returns from all the states it is probable that total general revenues made up of taxes, intergovernmental funds, and charges will run $6 to $7 billion more than the taxes of $15.8 billion. Of this additional amount about $5 billion will come to the states from the Federal Government as grants-in-aid.

The above sum on any basis of measurement is a lot of money. Yet if the pattern of the years since World War II remains unchanged, even this new total probably will prove inadequate to cover the 48- or 50-state general expenditures including aid to local governments when final figures are available to Census. And for slightly more than half the states it is almost certain that the taxes collected in 1959 will not be enough to meet just their own operational and capital outlays.

Several Results Noted

There are several results of these strained state budgets which can be serious not only for the residents of the states concerned but also for others in this country. A state no longer is an isle unto itself.

First of all there is the active search by governors and legislators for more tax revenues from higher rates of existing levies and from new tax sources. Each probing brings a protest on the part of the taxpayers concerned. Then frequently there is the gesture at least on the part of the governor to balance the state budget by trimming expenditures. Such an economy move is given publicity by the governor's office, is widely applauded by leaders of his party and the general public. But each department head at once asserts that *he* has already cut *his* budget to the bone, and numerous special interest groups lobby against reductions in *their* respective proposed appropriations. Compromises are basic to practical politics, so the ultimate dollar budget approved by the legislature is less than the sum of the original (padded) requests, but more than the one of the prior fiscal year.

Another aspect of this state budget situation is the fact that there is not a state in the Union which cannot bring revenues into balance with expenditures if capital outlays and aids to local governments could be omitted from the regular operational budget.

As far as capital outlays are concerned by a tradition with few exceptions governments on all levels charge off as a current operating cost such expenditures incurred in that fiscal period. A good many *pros* and *cons* lie behind this accounting practice, but because total governmental expenditures in earlier years stayed well within the protest limits of taxpayers there probably was not much reason to change. (Private enterprise usually spreads large capital outlays over a time period, barring intentional manipulation.)

With taxes and debts for many governmental units now bumping against legal limits some modifications in handling capital outlays are taking place. If the capital improvement under consideration will yield revenue once it begins to operate, probably revenue bonds will be issued with interest and amortization charges taken care of by the expected earnings of the project. State toll road securities are good illustrations. The removal of such capital items from the general accounts helps to bring budgets into balance.

Aid to local governments sustains grass roots democracy. It follows from this that no professional politician who desires to remain in office would propose that basic functions of local governments be left to starve, a condition which could result only too often from the withdrawing of state dollar aid. Especially is this true in light of the refusal or reluctance of state legislators to give local communities *carte blanche* or a reasonable facsimile of home rule in raising their own revenues.

Recourse to Debt on Federal Aid

But of the ways out of the financial morass in which a good many states find themselves probably the two easiest are debt and federal aid. (The parallel with similar "solutions" for individual financial difficulties is obvious.) To be sure a few states are prohibited by their basic laws from incurring debt in their own names, that is, through full-faith-and-credit obligations. The creation of special districts and the establishment of revenue producing operational units are among the methods used to minimize the effects of such limitations.

For the most part, not too much is heard about state debt possibly because the total of around $16.5 billion is so much less than the $490 billion of the Federal Government. There are, however, several disturbing facts. For instance, since World War II the totals for state debt have increased year by year. And although it is difficult to give chapter and verse as proof, it seems as though the professional and layman attitudes toward state debt is becoming increasingly similar to the shrug-of-the-shoulders toward federal peaks. That is, it is not the dollar total which counts, so the argument goes, but rather the ability of the government involved to take care of just the annual interest charges without bothering to effect a net reduction of the principal.

Whatever the attitude or policy the fact remains that debt becomes a charge in some form against the people of the state concerned, an addition to the similar charges created by steadily mounting local and federal obligations. (It may be mentioned that for local debt traditional orthodoxy for the most part continues: counties, cities, and special districts, for instance, are still generally expected to have enough money at hand actually to retire maturing debt, and to wait a while before incurring more.)

The last way out for states with financial difficulties barring a declaration of bankruptcy, which hardly would be appropriate for a sovereign state, is to obtain federal aid. Such aid creates complex relations between the national and state governments.

Undoubtedly there are those who favor federal aid to states as a device to accelerate centralization of political power in Washington fully aware of the old saw that he who pays the piper calls the tune. But more often federal grants are made to assure each state the minimum standards of service deemed necessary by Congress for national well-being, e.g. roads, schools, welfare. When federal dollar aid is on a matching basis, "those who have, get"; at other times the poorer the state the larger the grant. In a few states the policy-forming officials lean backward and minimize or shun federal money. In possibly an equal or larger number the policy seems to be to get as much as they can of the federal pork.

In sum, state tax collections in current dollars, although mounting year after year, remain inadequate to cover state expenditures, and there is little promise that next year or the year after will be different. Indeed, the long-term outlook is for continued deficit financing on the state level, for increased aid (and control) by states to their local governmental units, and for a similar pattern in federal-state fiscal relations with power seeping from the state Capitols to Washington, D. C.

It may be suggested that just such a financial nexus has existed in the relations of a mother country to her colonies, and continues with some qualifications in aid given by a strong nation to a weak nation — the adjectives "strong" and "weak" covering economic, political, and military attributes.

Adjustments Help the Figures

It is difficult to introduce modifying adjustments into the prior state tax data without creating the impression that after all the state finance officers in this country are not having many headaches. It is quite obvious, however, that when one of our states cannot meet its current payrolls from current tax revenues, when governors in a half-dozen other states warn their respective legislatures of a similar threatening stringency — when these conditions occur as they have in 1959, one may not dismiss the state fiscal problems either as imaginative or the result of accounting manipulations.

This warning paves the way for two adjustments which lessen somewhat the year-after-year increases in state tax collections. These adjustments are for population and price changes. It must be emphasized that when population and price figures are components in any statistic, their influence should be clearly recognized. This is not always done even by those who know better.

Unadjusted 48-state tax collections for 1959, as previously mentioned, were $15.8 billion compared with $14.9 billion in 1958, an increase of 6.1%. Removing the influences of both population and (consumer) price increases leaves figures which measure about as accurately as can be done the quantitative and qualitative changes in governmental services or functions. Such adjustments show state tax collections in 1959 only 3.5% ahead of 1958 rather than 6.1%.

Along this same line several other comparisons are worth noting: Whereas unadjusted state taxes in 1959 were double the 1950 amount, the removal of population and price influences during the past decade gives an adjusted figure of 41 rather than the 100% of 1950. This is fairly convincing evidence that the functions of state governments have expanded. There is a somewhat similar modification over the decade in the total tax revenue data of the country (local, state, federal). The raw or unadjusted total for fiscal 1959 including an estimate for local taxes was 91.7% ahead of 1950. Adjusted, the increase proves to be 35.2%. Quite different results would be obtained, of course, if comparisons were made with the war year 1944.

But the cost of governments involve more than knowing about tax collections, unadjusted or adjusted. Cost is rightly related to the idea of burden, and burden in turn with income or ability to pay and with benefits received. (Because it is difficult to measure benefits received per individual from numerous governmental services, this criterion of tax justice is less emphasized as such services expand.) Waiving the mental impact, the doubling of an individual's tax bill creates no additional burden *if* in the same time interval his total income also has doubled with no change in prices.

Such a comparison of taxes to income can be worked out on a national basis through a percentage ratio of tax collections to the country's dollar net national product, i.e. gross national product (GNP) minus capital consumption or depreciation. For the fiscal year just ended state tax revenue was 3.55% of net national product (NNP) in contrast with 2.97% a decade ago. Taxes for all levels of government in this country in fiscal 1959 were about 22.6% of NNP, 24.6% in 1958, and down to 19.7% in 1950.

These percentages can be brought into better focus by an additional comment: GNP and NNP are the best available federal calculations and estimates of the net dollar value of all goods and services being produced at the time indicated. Bring the total of this country's taxes into the picture and there is this very significant fact: Currently and during the past decade from one-fifth to one-fourth (19.7-24.6%) of the values of goods and services produced in the United States passed in the form of taxes through the hands of governmental officials. These are rather large proportions of our economy which have moved from private to public channels and control.

Some Interstate Comparisons

The urge to make interstate comparisons of tax revenues is natural, yet such figures can be most misleading. Misleading because in no two states in this country are a number of basic functions distributed in exactly the same way between the state and its local units of government.

For instance in New Jersey the state government's portion of total state-local tax revenue is reported by Census as not much over one-fourth, whereas in Delaware and a few other states this goes to three-fourths. It is hardly necessary to add that residents of New Jersey are not deficient in governmental services such as public schools and roads. Rather it is that the voters in New Jersey have established and maintained to date the practice of letting local governments for the most part take care of such responsibilities.

(It follows from the above statement that similar caution is necessary in comparing tax loads of cities in various states. And there is an added reason: In most but not all municipal areas special districts are created (such as for schools) independent of the city corporation. Under such conditions a city's budget will not include that item which for education usually is a large one.)

With these precautions in mind it may be noted that in fiscal 1959 the largest state tax collection on

a per capita basis was by Delaware with $150 followed by the state of Washington with $149. The two with the smallest per capita were Nebraska ($56) and New Jersey ($59).

Because of this contrast among states in spreading certain governmental costs between the state and its local units, the best interstate tax figures are those which *combine* state and local taxes on a per capita basis. Census publishes this information after it has usable returns for local governments, the very number of which (somewhat over 100,000) makes a time lag and some estimating unavoidable. The latest information is for 1957 in which fiscal year state plus local tax collections per capita offered a range from a low of $100 for Alabama and Arkansas to a high of $229 for New York and Nevada. It is probable that when figures for 1959 are at hand the relative positions of these and other states will not have shifted appreciably.

Other striking interstate comparisons also can be found in Census reports on state and local finances. For instance in 1957 federal aid per capita received by residents of Wyoming came to $84.88. For New Jersey the similar figures were $9.97.

Revenue Producing Taxes

The question still remains about the kinds of state taxes which are bringing in the most revenue.

Taxes on sales *in general* stood first in fiscal 1959 with 23% of the total although used by only 33 states. When combined with the numerous *selective* sales taxes on motor fuels, alcoholic beverages, tobacco, etc., the percentage for the 48 states rose to 59 with the dollar amount 9.3 billion. Among other broad categories individual and corporation net income taxes came second with a total of $2.8 billion even though not used by about one-third of the states. Licenses of various kinds including motor vehicle and operators stood third with $2.3 billion. Property, death and gift, and severance taxes each were somewhat under a half billion dollars.

During the past decade the relative positions of these various state taxes have not changed much nor is there a likelihood of a near-future shift barring a fairly radical movement in political power among occupational or regional pressure groups. Labor, for instance, has plugged hard traditionally for more use of net income taxes, whereas employers and property owners favor levies on sales. It is of interest to note that as labor has become more prosperous a note of conservatism has creft into its lobbying with somewhat less "soak the rich" emphasis on net income taxation.

Certainly on this matter of pressure-group tax preferences a categorical precept can be offered because it expresses a basic truth whatever the country or the century: *Protect yourself.*

The Prospects

What does the long run hold for state tax collections, and local revenues? The handwriting on the wall seems to include these items: There probably will be an increase in the amount of aid given by states to their respective local units of government, an increase both in dollar amounts and as a percentage of total state expenditures. With such aid will go varying degress of control. Also a fairly safe bet is an acceleration of this aid trend in the federal-state nexus, again with the bulk of funds flowing from the higher to the lower level of government —together with regulation. (Similar international arrangements such as from the World Bank or the United Nations to certain individual nations carry increasing significance.)

Certainly there will be a continued growth of governmental functions arising from world tensions and domestically from the substitution of group responsibility for risks heretofore borne if at all by the individual or in an unprescribed way by the community. Some of this shift is unavoidable, except in the opinion of far-to-the-right reactionaries, because on many counts we have become indissolvably interdependent for everyday living. But part of this shift of responsibility also represents the easiest way out: "Let the government do it."

Such a growth in governmental functions necessarily means more expenditures which in turn call for more taxes or debt. It is probable that net debt will continue to increase on every governmental level encouraged by the fiscal thesis that it is not the principal of the debt which matters but only the ability of a budget to carry the interest charges.

Although the foregoing comments and analysis are not a polemic, it does not appear out of order to offer a final observation:

For those who consider desirable or find congenial an increase in governmental functions together with an upward shift in control from local to state to national and even the international level—for such it seems that all they need to do is to sit tight and watch our nation and the world move their way.

For those who have doubts about the totality of gains from more government there is some possibility of slowing down the trend by giving more emphasis to self-regulation and private initiative. As more people realize that the words "let the government do it" mean more taxes (or debt) and more regulation, they may substitute the desire "let us do it," or may even decide that such a proposed service really is not necessary at this time.

Boy Scout Capital Camp Campaign

Albert L. Williams, Executive Vice-President and Director of the International Business Machines Corporation, has been named a Vice-Chairman of the forthcoming Golden Anniversary Boy Scout Capital Camp Campaign, it was announced by Clarence J. Myers, General Chairman of the campaign and Chairman of the Board and President of the New York Life Insurance Company.

A. L. Williams

According to Mr. Myers, Mr. Williams specific responsibility in the campaign will be to give leadership to the corporation, corporate foundations and special list sections of the campaign.

The campaign, which is expected to formally begin early in 1960, the Boy Scouts' Jubilee Anniversary year, is aimed at raising $3,478,940 to improve existing facilities and develop needed new facilities at six camps operated for the boys of New York City by the Greater New York Councils, Boy Scouts of America.

Peticolas With Francis I. du Pont & Co.

(Special to The Financial Chronicle)

CHICAGO, Ill.—James M. Peticolas has rejoined Francis I. du Pont & Co., 208 South La Salle Street. Mr. Peticolas, who has been in the investment business in Chicago for many years, has recently been with Rodman & Renshaw.

FROM WASHINGTON ...Ahead of the News

BY CARLISLE BARGERON

Senator Stuart Symington's campaign for the Presidency has been built almost wholly around this country's alleged lack of preparedness, that we are getting behind Russia. The Senator is now represented as wishing it were not that way; he would like to be considered an all-round man, well versed in all subjects of national import. But the fact is that he is mostly associated with his crusade for more spending on national defense.

Carlisle Bargeron

He will have occasion at the next session of Congress to further this campaign because the Administration intends to try to hold down national defense spending. It has made arrangements to eliminate the air force base in Morocco and it intends to tighten up on our military spending abroad.

The attitude of Senator Symington and the legions of others who have joined him is that we should spend more for national defense, especially on missiles. We should do this even if we have to increase taxes and go in for a regime of severity.

Amid all of the confusion about what we have in the way of military posture it might be well to point out these facts:

The Army will have 14 divisions next year, plus 23 other major units, including seven missile commands and missile groups. It will have also an active aircraft inventory of almost 5,700 aircraft.

The Navy will operate approximately 860 active ships in 1960. It will also operate 16 carrier air groups, plus 22 carrier A. S. W. Squadrons and 42 warning and patrol squadrons.

The Marine Corps strength will have three divisions and three air wings.

The Air Force will have 102 combat wings by the end of 1960.

Americans must remember that the Russians are past masters of propaganda. We hear only about their successes, never their failures. Our experiments are conducted out in the open. Our failures sometimes receive more publicity than our successes. We do not stop to use the techniques of the "Big Lie" as a legitimate propaganda weapon. That is one Russian weapon that has had more successes than failures.

We must not forget that our military strength is rooted in our economic strength. If America's economy is destroyed by a campaign of limitless spending for spending's sake, our defense will be an easily penetrated outer shell, not the hard core, unbeatable strength that has so far kept America free.

In October 1957, when the Russians fired their first Sputnik, America was shocked as never before in her history. Alarmists predicted that we had lost the arms race and that the U. S. A. was completely vulnerable to Russian I. C. B. M.'s. The intervening two years have proved how wrong these scaremongers were. The country has recovered from that sudden, unheralded launching of a man-made satellite into space and it is doubtful if the most recent moonshot made near the impression that Mr. Khrushchev expected and hoped for.

Expert opinion is divided as to how the moonshot will affect the relative military positions of the United States and the Soviets.

One scientist in Boston, Dr. Arthur Kantrowitz, head of the AVCO research laboratory, said the shot proves that they have a guidance system capable of taking an intercontinental ballastic missile directly to its target, while the nation's top space officials insist there is no relationship between the moonshot and the accuracy in the delivery of atomic war heads.

The truth seems to be that I. C. B. M. missiles are built in various stages. In some missiles the final stage has a steering device, in some not. When we shot for the moon, our final stage did not have a steering device. The Russian moon-rocket did. But this accuracy in space is not necessarily accuracy in intercontinental warfare.

America's I. C. B. M.'s do have top-stage guidance and they have already been fired over 5,000 miles and hit the target area at which they were aimed.

Bache & Co. to Have Office on Liners

Bache & Co., 36 Wall Street, New York City, members of the New York Stock Exchange, has arranged to maintain complete brokerage facilities aboard the two new 90,000-ton super ocean liners, "Peace" and "Goodwill," to be built to carry 6,000 passengers to Europe at a basic fare of $50. The announcement was made jointly by Bache & Co. and H. B. Cantor, President of Sea Coach Trans-Atlantic Lines, sponsor of the low-fare project.

No other ocean liner has such facilities, it was pointed out, although Bache & Co. has supplied financial news to ships via radio for many years.

Cleveland Analysts to Hear

CLEVELAND, Ohio — J. A. Martino, President of the National Lead Company, will be guest speaker at the meeting of the Cleveland Society of Security Analysts to be held Nov. 18.

Now With W. C. Langley

(Special to The Financial Chronicle)

BOSTON, Mass. — William W. Paxton is now associated with W. C. Langley & Co., 201 Devonshire Street. He was formerly with Coffin & Burr, Incorporated and Vance, Sanders & Co.

W. D. Gradison Adds

(Special to The Financial Chronicle)

CINCINNATI, Ohio —George S Kaler has become associated with W. D. Gradison' Co., Dixie Terminal Building, members of the New York and Cincinnati Stock Exchanges. He was formerly with Geo. Eustis & Co.

Form L. Vandervelde Co.

LOS ANGELES, Calif. — L. Vandervelde & Co., Inc., has been formed with offices at 633 Shatto Place to engage in a securities business. Officers are Leo Vandervelde, President; James J. Brown, Secretary - Treasurer, and Leo Altshuler, Vice - President. Mr. Vandervelde was formerly with Bache & Co. and H. Hentz & Co.

Fund Management, Selling Today—Pros and Cons

By Milan D. Popovic, President, Blue Ridge Mutual Fund, Inc.

Prominent fund manager offers candid review of both sides of industry's current controversial questions, beginning with purchase plans. Also analyzes in detail the criticism directed at operating expenses, commission costs, income tax duplication, and alleged over-selling. In weighing the objections to the current purchase plans, he explains the "practical" reasons for the size of the commissions and the method of collecting them—pointing out their popularity with investors because of their disciplinary factor. Concludes any existing abuses are less important than those besetting the small direct investor.

Over two million investors now own mutual fund shares. This figure is increasinging daily by aggressive selling of funds, principally through instalment purchase plans under which an investment position in a fund is built by regular monthly payments over a long period of time. There seems to exist considerable difference of opinion about the funds and such purchase plans. There are interested defenders who acclaim the development as a logical and efficient method of saving and investing for small investors. On the other side there are critics, some of them of considerable professional stature, who see many objectionable features in these programs and believe that they should be discouraged, if not stopped. The matter is important enough to suggest a candid review of both sides of the question.

Milan D. Popovic

Mutual funds form the basis of this type of investment program and discussion of its merits should be started with a description of the functions and operations of them. Simply put, the funds are pools of investment capital, put together by many investors, mostly small, for common management purposes. They differ from the long established investment trusts by the fact that funds in the main continuously sell their own shares at asset value and simultaneously are obligated to redeem shares submitted by investors at asset value at any time. A commission is paid by the buyer at the time of purchase to the middlemen who make the sale. The fund pays its operating expenses out of the fundholder's income. The funds enjoy income tax exemption on payments made to shareholders provided all net income and capital gain earned are distributed. The operations of the funds are regulated by various Government agencies, particularly as to selling literature and publication of facts. These agencies, of course, are not responsible for the actual management of the funds.

Growing Importance of Instalment Plans

Selling of funds on the instalment plan is not a recent development. However, in the past few years it has become of great importance and seems to be increasing rapidly. The operation has attracted many new buyers and created large organizations which specialize in selling the plans. The new impetus stems from the increased general public interest in securities and the unusually high selling commissions that are received by the salesmen.

Criticism of the funds and the plans are mainly directed at operating expenses and high commission costs charged against the stockholders. It is also charged that income tax is duplicated. Lastly, there is the point of overselling by high pressure methods.

The Expense Factor

It is true that shareholders pay operating expenses of their fund, many of which could be avoided by direct ownership of securities. These expenses are relatively high and range between a quarter of 1% to more than 1% of assets of the fund. The average is about 75/100s of 1%. This is a direct reduction of the fundholder's share of income of his company. Against this cost there could be applied the benefit of the convenience to the fundholders and more importantly the benefit of professional management which presumably should do better in securities markets than a layman would. The cost is comparable to the fees paid to investment advisors which usually range from not less than $500 per year on smaller accounts and on larger the charge is in proportion to the size of the account from 1% down. Obviously a small investor with as little as $10,000 of investment money gets low cost professional investment advice through the mutual funds. A large investor can do as well by hiring an investment advisor who could give him individual service of equal quality at lower cost. In other words, there is a good reason why a small investor should be willing to share this operating expense which pays for otherwise unattainable professional advice and management of his funds.

Assaying the Expense Factors

Many financial writers contrast these expenses with the gross income and the resulting percentage ratio of as high as 25% is pointed out as too large. In these markets where common stocks of investment quality average a dividend return of between 3.0% and 4.0% such high ratios are inevitable. The gross income of any investment account is the result of investment policy followed. If the fund is directed toward capital gains then the income would be low and percentage unfairly high and misleading. The cost simply has to be related to the services performed and aims of the fund. Therefore, the ratio to assets over a period of years vs. the results attained in capital gains and revenue is a much fairer comparison.

The charge of too high commissions on purchases also appears in order at first glance. When related to other pertinent data it ceases to be objectionable. The commissions on direct sales of shares of funds to individuals vary, and go as high as 8.75% of purchase price. Most are around 8%. This charge applies to purchases of $25,000 and under. The sales charge declines on volume of purchase. The costs are high when compared with Stock Exchange commissions of about 1% (1.35% on 100 share lot of a $20.00 stock). However, the fund's commission is paid only once, except in the few instances when there is also a redemption fee, while on direct purchases it is paid twice, both when buying and when selling and since most sales would be in small amounts there is an additional odd lot charge of not less than 1/8th of a point each way. Even with all that, it would still appear that commissions on funds are much higher and this is a point of objection which is constantly repeated. On the opposite side of the argument there are some other pertinent matters, however, which should be taken into consideration.

The mutual funds' portfolios are under constant professional supervision so that investments are presumed to be kept automatically up-to-date. Insofar as the owner is concerned he does not have to pay attention to the stock market or do any trading which an individual investor has to do to keep his holdings in step with the economic and market changes. A mutual fundholder can and should be completely inactive while a direct owner has to buy and sell, which in the long run may mean that the commissions paid by him could be higher. This is indicated in the fact that redemption of funds shares averaged less than 5% of assets in the past three years. On the other hand, turnover of shares on the stock exchange averaged 15% of the shares listed. This means that an average direct holder of securities is much more active in the market than the mutual fundholders. The following table is illuminating in that respect:

	Shares Outstanding	Shares Traded in 1958	Percent
Consolidated Edison Co.	15,068,000	1,261,000	8.4
General Motors Corp.	80,840,000	7,648,400	9.5
Anaconda	10,715,000	2,482,000	23.2
American Motors Corp.	5,934,000	11,272,000	190.0
Avco Mfg. Corp.	10,217,000	5,395,000	52.8
International Tel. & Tel.	14,979,000	2,481,000	16.6
P. Lorillard	6,564,000	5,781,000	88.1
New York Central	6,499,000	3,089,000	47.5
Olin Mathieson	13,301,000	4,004,000	30.1
Polaroid	3,844,000	2,385,000	62.0
Raytheon	3,377,000	3,982,000	117.9
Studebaker Packard	6,456,000	8,574,000	132.8
N. Y. S. E.—listed issues	4,910,000,000	747,000,000	15.0

These random-selected representative stocks all were traded in at a faster rate than mutual funds. The high rate of trading for the speculative and popular issues is particularly important.

Another service performed by the funds reduces the overall costs even further. Many funds allow reinvestment of all dividend income and most of them allow reinvestment of capital gains distributions at no charge. This means that a fundholder literally can be said to pay only one commission in a lifetime since all his compounded earnings are invested without cost. Contrast that with a direct holder of stocks who has to invest his income and capital gains at additional commissions. It is true that there are commissions paid by the fund itself in its own buying and selling of portfolio securities. This, however, is included in the performance record of the fund. In other words these costs should be absorbed by superior management.

Tax Duplication

The matter of tax duplication is again true but is not serious since it involves very small amounts. It refers to a technical point based on the fact that when a purchase is made of a fund share a part of the asset value includes capital gains which will be paid to the fundholder and become taxable to him so that in effect the buyer pays capital gains tax on the return of his own capital, at least in part. This is particularly true in cases where large distributions are made immediately after purchase. However, since these payments actually come out of assets such tax is offset by the reduction of tax liability on ultimate redemption. One could say that capital gains distributions are in effect write-ups of cost. This inequity, the little there is of it, is further minimized by the fact that most owners of the fund shares are in low income tax brackets so that actual tax prepaid is very small.

The foregoing refers to the acquisition and holding of mutual fund shares in outright purchases. The conditions under the instalment purchase plans is somewhat different and more controversial.

Instalment Purchasing

Under the plans the investor agrees to make payments in fixed amounts ranging from $10.00 to $500 monthly for the periods up to 15 years. In this case, in addition to paying the charges and having the limitations already discussed, he has to pay the expenses of the Custodian who administers his plan. More importantly, a large share of commissions on the entire investment to be made over the 10 or 15 years is deducted from the first 12 payments he makes. Therefore to a great extent the commissions on future payments are prepaid. If the buyer discontinues his payments, which he can and may do at any time for any reason, only a part of the money paid in by him for investment would be left in his account and be redeemable. In one typical plan, for example, of the amount paid in the first year, more than half, or 52% would be so lost, if he withdraws in the first year. This cost declines to 29.8% in the first two years and then gradually the loss declines to 10.8% for 10-year payments and 9.1% on a 15-year plan. This is a formidable deduction which has to be offset by income and capital appreciation, if any, in the period.

The reason for this method of collecting commissions is a practical one. It allows the selling organization to build their sales forces rapidly because even a beginner immediately starts earning commissions which are proportionately high in relation to the amount of cash he actually brings in. Of course, in the long run it equalizes itself. This practice is derived from that in use by insurance companies which pay a similar scale of commissions to their salesmen. It was accepted by the funds simply because it works well by stimulating the salesmen to exert themselves for quick rewards.

Technique Popular

Despite the heavy commission cost and possible loss of capital, the investors apparently like these plans. There are more than one million of them now in effect and more are constantly being added. The answer appears to be that the American public has been conditioned to accept the cost of instalment financing which is in effect savings in reverse. You spend it first and then save slowly, paying high costs for the money you spent. Under the purchase plans you pay slowly and accumulate savings at a high administrative cost. It is hard to understand why the public is willing to buy an automobile on the instalment plan at an interest cost of 12 to 15% for actual money borrowed

and at the same time keep a bank savings account or hold securities where the income is much lower. It is done all the time, however. It is a matter of salesmanship, which in turn is the life blood of the dynamics of this economy and the objection applies to all commodities and services sold through basically very expensive sales methods.

Offsetting Advantage

The offsetting factor which may be said to work for an investor under such plans is that it is a definite program which otherwise would not be formulated and fulfilled. The penalty of the loss of principal by failure to keep up the payments is an added incentive to complete the plan. It is a systematic investment over a long period of time which neutralizes the market movements and reduces risks of loss. This is apart from the other intangible ingredients based on hope that the management of the fund will do a superior job of investing.

There are also objections that these plans are oversold and that many people are induced to buy them who neither know what they are buying nor should buy. There is a tendency, it is claimed, on the part of dealers and salesmen to switch the buyers in and out and so increase their commissions. These charges appear to be true but they again apply to all salesmen over selling anything. They never can be entirely controlled and occasionally will use questionable methods in selling. However, it must be emphasized that selling of mutual fund shares is made on a basis where everything possible is done to insure that the buyer has been told all pertinent facts, which is not always true in buying a car, insurance or anything else. The Prospectus is a detailed and complete document giving facts and must be in the hand of the buyer before purchase. All such sales literature is reviewed and passed by a strict industry censor. Literally nothing more can be done to improve the selling methods of the funds but to send a policeman out with each salesman.

It is of interest to compare this type of selling of investments with the way the stocks are often sold to the public. It is certainly much better than a telephone conversation where an investor is told to buy XYZ stock on unsubstantiated promises that it will rise soon. It is evident that many investors dealing with brokers directly are unavoidably exposed to inequities and pressures. Anyone familiar with the investment business knows that the small investor generally obtains poor results when he tries to manage his own funds. He is not informed well enough and the nature of advice he receives leaves a lot of room for improvement. There is no less of churning of his investments than in the case of mutual funds.

Insurance An Ancillary Attraction

Another attractive feature of the monthly accumulation plans not mentioned before is that they give an option to the buyer to take life insurance against the unpaid balance of his long term investment goal. This insurance is easy to obtain and is a low cost group term life policy, attractive to an individual who wants to be certain that his investment plan will be fulfilled. Of course the cost of such insurance is an additional charge and reduces the amount invested for the buyer.

In conclusion it could be said that mutual funds are designed to perform a useful function for certain types of investors, at a price. The abuses which occur are certainly not larger than in other aspects of investments since the funds are sold with more safeguards for the investors than those provided for the small direct investors who may practically be at the mercy of the broker and their salesmen.

J. S. Strauss Co. Appoints Two

SAN FRANCISCO, Calif.—J. S. Strauss & Co., 155 Montgomery Street, announces that Leslie J. Howard, Jr., Vice-President of the firm has been elected a director, and Harry E. Beebe has been elected Vice-President & director.

C. D. Marsh Joins Manley, Bennett & Co.

BLOOMFIELD HILLS, Mich. — Charles D. Marsh has joined Manley, Bennett & Co., Bloomfield Center, as a registered representative, Edward T. Bennett, Jr., resident partner, announced.

Mr. Marsh gained wide attention a few years ago when, at the age of 49, he resigned as Secretary and Treasurer of Associated Dry Goods Corp., an organization that includes such stores as Lord & Taylor, of New York, to gain a bachelor of philosophy degree from the University of Detroit. Prior to that, he had been the major stockholder in Demery's Department Store, Detroit.

E. A. Cherney Opens

(Special to THE FINANCIAL CHRONICLE)

SAN DIEGO, Calif.—Edward A. Cherney is conducting a securities business from offices at 4430 Pacific Highway.

Form M. Paul Conant Co.

M. Paul Conant and Co., Inc. is engaging in a securities business from offices at 42 Broadway, New York City.

PUBLIC UTILITY SECURITIES

BY OWEN ELY

South Jersey Gas Company

South Jersey Gas, which became an independent operating company in July 1948 and obtained natural gas in 1951, has had an extraordinary growth record. During the period 1948-58 inclusive, revenues nearly quadrupled, from less than $4 million to over $14 million. Earnings on the common stock (after adjustment for a two-for-one split in 1959 and a 10% stock dividend in 1958) increased in each year of the decade—from 17 cents in 1948 to $1.18 in 1958. As a result the stock advanced from 1⅜ (adjusted) in 1948 to a high of nearly 28 this year, the recent price level being around 24. The stock was listed on the Big Board in 1958.

The 2,000 square-mile area served by the company in the southern part of New Jersey, extending from the Atlantic Ocean to the Delaware River, has an estimated permanent population of some 460,000. This reflects a 20% increase since the 1950 census, and population growth is continuing at a rate above the state and national averages. The area has become well diversified with many types of industry along the Delaware River, large-scale farming in the central part, rapidly growing suburban areas near Camden and Philadelphia, and the resort business centering in Atlantic City. (The latter now contributes less than 20% of revenues.) The company serves over 74,000 customers of which only 2,000 are summer residents. Southern New Jersey is expected to set records for new home construction this year, and two-thirds of the new homes constructed within reach of the company's lines are being equipped with gas for central heating and water heating; the majority also use gas for cooking, etc.

There has been rapid industrial development of the service area in recent years. The largest customer is Owens-Illinois Glass which takes over 13 million cf gas daily. Other large customers include DuPont, Hercules Powder, Owens-Corning Fiberglas, Armstrong Cork, Anchor Hocking, Gayner Glass, Lenox China, Seabrook Farms, a linoleum factory, brick kilns, and numerous plant for sand-drying. Altogether 110 new industries have entered southern New Jersey since 1951. In spite of the recession in the first half of last year industrial revenues gained 18% in 1958 and are currently running 22% over last year.

This industrial expansion seems likely to continue because South Jersey enjoys the advantages of low-cost land within overnight shipping distance of one-third of the nation's population, a good labor market, favorable tax rates, ample water supplies and natural gas at reasonable rates. Gas sales increased from 1.3 billion cf in 1948 to 10.5 billion in 1956 and an estimated 17 billion in 1959. By 1963 President Kendall estimates sales of 22 billion cf, indicating an annual rate of gain (compounded) of 7% for the next four years; revenues are expected to gain at a 6% annual rate.

The company has benefited by the conversion of residential heating and water heating to gas. Some 1,000 old homes were converted this year, and in the 12 months ended July some 2,700 new homes were equipped with gas for central heating and water heating. The company is now serving some 27,500 heating customers and the number is expected to increase to 42,000 by 1963. The saturation for residential gas heating is about 37%, for water heating 70%, electric ranges 92%, refrigerators 8%, etc. Saturation is very low for newer appliances such as air conditioners, clothes driers, incinerators, etc.

The company now has four connections with the lines of its supplier, Transcontinental Gas Pipe Line Corporation; the latter has three separate lines crossing the Delaware River. South Jersey Gas has over 60 million cf available on a peak day, including 3½ million cf from underground storage, the amount being under contract for 20 years. An additional five million cf per day has been contracted for in 1960. In addition the company has standby facilities to produce about 10 million cf of gas per day, in extremely cold weather.

Transcontinental last May filed for an increase of about 12% in its rates (the first increase in five years) which would become effective under bond commencing Nov. 18. Based on estimated increased requirements in 1960, this would mean an increase in gas cost for South Jersey of about $800,000, equivalent to about 31 cents a share after taxes. However, there is some possibility that the FPC will not approve this entire increase; and it is probable that South Jersey will apply to the State Commission for permission to invoke the Purchased Gas Adjustment Clause in its tariffs; wholesale customers have been informed of the possibility of minor rate increases.

Capitalization is 51% debt including bank loans and 49% common stock equity (1,240,000 shares), there being no preferred stock outstanding. Annual construction expenditures average about $2 million a year, chiefly for mains, meters and service connections to take care of additional customers.

Share earnings were $1.18 last year compared with $1 in 1957, and are expected to approximate $1.27 for the year 1959. Uncertainty as to the cost of natural gas makes it difficult to attempt to pinpoint earnings for the year 1960, but President Kendall is confident that 1960 earnings will show an improvement over 1959, and that 1961 earnings will show a further rise. The present dividend rate is 90 cents making the yield about 3.7%. The price-earnings ratio is about 19.

Form Angelus & Daly

Angelus & Daly, Inc. has been formed with offices at 30 Broad Street, New York City to engage in a securities business. Harry M. Angelus is a principal of the firm.

With Metropolitan St. Louis

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—John W. Sucher has become connected with Metropolitan St. Louis Company, 315 North Seventh Street, members of the Midwest Stock Exchange.

MUTUAL FUNDS

BY ROBERT E. RICH

The Fund Faddist

Since so many mutual funds have been spawned over the past decade, it should be of no surprise that a goodly number of investors have come to regard the funds as just another type of security. Now the *George Putnam Fund of Boston* reports on what is probably the final and most absurd consequence of such thinking—the turning of fund buying into a fad.

The protagonist, or perhaps the antagonist, in the story has the pseudonym of Nicholson Dymes. Putnam Fund does not disclose his real name but insists the story is true. Dymes' objective was worthy enough. He wanted to learn all he could about mutual funds. Unfortunately, he became not only a student of funds but also a sucker for every mutual fund salesman's particular pitch. He bought one type of fund and then another, was attracted to specialties, finally wound up owning shares of no fewer than 19 different funds. Said Dymes: "When I told a friend of mine, who's in the investment business, about how many funds I owned, he simply asked 'Why?' And do you know, I couldn't give him a sensible answer."

Perhaps nobody could come up with an answer to that one. But it is no trick at all to explain where Nicholson Dymes went wrong. In the first place, mutual funds are not simply another form of security. They are tailored to the specific needs of the investor—for growth, preservation of capital or income. Beyond that, the essential difference between one fund and another is in the ability of its management. Obviously, the buying of a variety of mutual funds tends to cancel out the advantages of good management while overcoming the handicap of poor management elsewhere. But what kind of diversification is this?

Presumably, the investment of personal savings in mutual funds implies that the investor has a deep interest in attaining one or another of the previously mentioned investment objectives. The strange thing, however, is that this is rarely matched by even the slightest investigation into the relative merits or drawbacks of the funds available. There are certainly enough publications which regularly survey the funds and compare them. Moreover, if the investor does not consult such publications, he at least should be able to gather enough prospectuses to enable him to make the choice he feels is right for him.

Although it is possible to make too much out of the Nicholson Dymes story, there is the suggestion that the mutual funds industry has been placing too much emphasis simply on *selling* shares, too little on serving the investment needs of shareholders. Some fund men might argue that it is sufficient to do a competent job of portfolio management. Yet there are other questions to be answered. Do shareholders really understand the objective of the fund? Are they loyal to it? Or is the funds' shareholder family composed of fly-by-night, uninformed individuals corralled by a salesman's fast talk?

Today the fund business is riding high. There is room for just about everyone. Yet it is reasonable to believe that the experience of other industries will hold true here as well. When things get tough, there is always a shakeout. What may well make the difference over the long haul is how good a job the fund has done in defining its goals, explaining its decisions and generally identifying itself with the aspirations of its shareholders.

The Funds Report

"In these rapidly changing times," notes President Harland H. Allen of **Growth Industry Shares**, "the challenge to portfolio management, as we see it, is two-fold: One is to emphasize the securities which have greatest immunity to current and impending risks, such as competition from lower-cost regions abroad, the cost of borrowed capital at high interest rates and inflation. Second is the need to emphasize the securities of companies most likely to benefit by current changes in products, manufacturing methods and consumer preferences."

* * *

"The happenings in Britain," says President Charles Devens of **Incorporated Investors**, "confirm us in our conviction that the trend of free Europe is toward middle-of-the-road government with soundly managed economies. Along this road we believe the free world and its people will enjoy a strong economic resurgence with standards of living rising sharply."

* * *

Eaton & Howard Stock Fund increased its asset value per share from $24.99 to $25.68 in the ten months ended Oct. 31. **Eaton & Howard Balanced Fund** experienced a slight decline, from $24.83 to $24.55, in asset value per share over the same period.

* * *

Shareholders' Trust of Boston reports a 48% gain in net assets to $35,135,853 during the 12 months ended Sept. 30. Net assets per share grew from $10.73 to $11.27 over the same period. Common stocks sold during the period were Atchison, Topeka & Santa Fe, Northern Pacific Railway and United Fruit. Purchased were W. T. Grant and Penn-Dixie Cement.

* * *

In its first interim report, Eurofund, Inc. disclosed that its assets had declined from $18,944,335.78, equal to $18.04 per share, on June 1 to $18,314,465.45, equal to $17.92 per share, on Sept. 30. The fund reported 22.8% of its resources in German securities, 14% in French securities, 12.4% in Italian securities, 5.9% in Dutch securities and 4.6% in Belgian securities.

* * *

Reporting for the period ended Sept. 30, **de Vegh Mutual Fund** put its assets at $19,925,397, equal to $70.06 per share. This compares with $16,877,975, equal to $66.96 per share, one year earlier, and $13,951,654, equal to $59.31 per share, on Sept. 30, 1957.

* * *

The George Putnam Fund of Boston registered a decline in assets during the latest quarter. In the period ended Sept. 30, assets dropped from $195,011,000, or $14.43 per share, to $192,805,000, or $14.11 per share. Common stocks added to the fund included First Security Corp., Saint-Gobain and Wilson & Co. Eliminated were Boeing Airplane, Maryland Casualty Co. and Richfield Oil Corp.

* * *

Nation-Wide Securities Co. increased its net assets from $30,150,255, or $19.14 per share, on Sept. 30, 1958, to $32,592,961, or $19.26 per share, on Sept. 30, 1959. The breakdown by types of securities: common stocks, 55.3%; preferred stocks, 25.6%; corporate bonds, 13.5%, and U. S. Governments, cash and other, 5.6%.

* * *

Mutual Bond Fund of Canada reports a net asset value of $5.67 per share as of Sept. 30. This represents a decline from $5.80 per share one year earlier and $6.05 per share last March 31.

* * *

"Excessive inventories," observes President Charles W. Partridge of **Winfield Growth Industries Fund**, "have been a danger signal in past business booms. Currently they are reasonable, but it is quite possible that they will be reaching rather high levels by the latter part of 1960. Before this occurs, we believe a moderate realignment in the fund's portfolio will be warranted to place greater emphasis on defensive securities."

* * *

Wisconsin Fund reports net assets per share of $6.15 per share (including 12c capital gains distribution) as of Sept. 30. This compares with $5.91 last Dec. 31 and $5.43 one year earlier.

NEWS ABOUT BANKS AND BANKERS

Consolidations • New Branches • New Offices, etc. • Revised Capitalizations

The Chase Manhattan Bank, New York, has promoted Francis E. Curran to Vice-President, it was announced Nov. 11 by George Champion, President. Mr. Curran, former Assistant Vice-President, is in the personal trust and estates division of the trust department.

Mr. Curran joined the bank in 1931. He was appointed an Assistant Trust Officer in 1942 and promoted to Trust Officer in 1943. In 1946, he was advanced to Assistant Vice-President.

Charles L. Johnston and George W. Rommel were appointed to the official staff as pension trust officers.

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Mr. John E. Beebe and Mr. B. Rival were elected Vice-Presidents of **Chase Manhattan Bank New York.**

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Edward A. Carroll Sr., former Assistant Vice-President in charge of the International Division of the **Chemical Bank of New York** died on Nov. 2, at the age of 60.

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Francis Stafford Cleary, 56, regional Vice-President of the **Chemical Bank New York Trust Co., New York,** died on Nov. 4.

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Harold M. Sherman Jr. was elected Senior Vice-President of the **Morgan Guaranty Trust Co. of New York,** it was announced by Henry C. Alexander, Chairman.

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Appointment of Stephen L. Gaillard, Harold F. Conley and Walter A. Faller as Assistant Vice-Presidents of **Manufacturers Trust Company, New York** is announced by Horace C. Flanigan, Chairman of the Board.

Mr. Gaillard joined the bank in 1953 and was appointed an Assistant Secretary in 1956. Mr. Gaillard is assigned to the bank's National Department at 44 Wall St.

Mr. Conley was first employed by Manufacturers Trust in 1927 and was appointed an Assistant Secretary in 1949. He is assigned to the bank's Fordham office.

Mr. Faller joined the bank in 1940 and was appointed an Assistant Secretary in 1954. Mr. Faller is assigned to the bank's West Side office.

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Manufacturers Trust Company, New York, announced the opening of its 115th branch office at 2026 Rockaway Parkway in the Shoreview Shopping Center, Canarsie, Brooklyn on Nov. 7.

Edward W. Ehlers is the officer in charge.

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G. Ronald Ince and J. Donald Mulvey, of **Bankers Trust Co., New York,** were named Vice-Presidents Nov. 4, it was announced by William H. Moore, Chairman.

Named Assistant Vice-Presidents of the bank were Anton W. Koester, of Trust Operations and Karl O. Rost, of the Corporate Agency Division, John M. McCabe, with the bank's Empire State Office, and Joseph J. Calamari, of Banking Operations, were also named officers of the company.

Mr. Ince, formerly an Assistant Vice-President, is in charge of the Corporate Trust Division's Administration Group. He joined Bankers Trust Company in 1934, was named an officer in 1946 and elected Assistant Vice-President in 1950.

Mr. Mulvey, who is in charge of the bank's Corporate Agency Operations Group, was formerly an Assistant Vice-President. He began his career with the company in 1930. Named an officer in 1943, he was elected an Assistant Vice-President in 1950.

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Mr. Charles W. Buek has been named to the office of First Vice-President and elected to the Board of Trustees of the **United States Trust Company of New York,** it was announced by Hoyt Ammidon, President. Mr. Buek was Executive Vice-President.

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Peter L. A. Folliss has been elected a Director of **Empire Trust Company, New York,** it was announced by Henry C. Brunie, President.

Mr. Folliss is a Vice-President of Empire Trust.

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James A. Clark and Alfred S. Olmsted were named Vice-Presidents of **Empire Trust Co. of New York.**

* * *

A merger of the **Central Bank and Trust Co., Great Neck, N. Y.,** and **Meadow Brook National Bank, Freeport, N. Y.,** has been approved by stockholders. The consolidation took place Nov. 10, pending approval of the Comptroller of the Currency.

* * *

Approval was given by the New York State Banking Department to the **French American Banking Corporation, New York,** to Restated Certificate of Incorporation providing for an increase of capital stock from 2,000,000 consisting of 20,000 shares of the par value of $100 each, to $3,000,000 consisting of 30,000 shares of the same par value.

* * *

By the sale of new stock the **Wellesley National Bank of Wellesley, Massachusetts,** increased its common capital stock from $400,000 to $500,000 effective Oct. 26. (Number of shares outstanding 50,000 shares par value $10.)

* * *

The National Newark and Essex Banking Co. of Newark, New Jersey, increased its common capital stock by a stock dividend from $9,625,000 to $10,010,000 effective Oct. 26. (Number of shares outstanding 400,000 shares par value $25.)

* * *

The Bank of Levittown, Levittown, N. J., first new bank in Burlington County to be chartered in the past 35 years, opened for business Nov. 5 at Levittown Plaza.

Chartered last May, the new bank is opening with initial capital, paid in surplus and reserves totaling $750,000.

Mr. Moyer, was formerly Vice-President of the **Philadelphia National Bank, Phila. Pa.** Board Chairman of the new institution is William J. Levitt.

* * *

Robert E. Hudson, Jr. and William A. Staring Jr., have been appointed Assistant Vice-Presidents of **Mellon National Bank and Trust Co., Pittsburgh, Pa.** The announcement was made by Frank R. Denton, Vice-Chairman of the bank.

Mr. Hudson, entered the Mellon Bank training program in 1948, and, in 1949, joined the Trust Department. He was appointed Assistant Secretary in 1954, and investment officer two years later.

Mr. Staring, a former investment officer in the Trust Depart-

ment, came to Mellon Bank in 1949.

* * *

The common capital stock of the **Citizens National Bank of Corry, Pennsylvania,** was increased by a stock dividend from $250,000 to $300,000 by the sale of new stock, effective Oct. 29. (Number of shares outstanding 12,000 shares, par value $25.)

* * *

By the sale of new stock the **Bank of Commerce Incorporated, Washington, District of Columbia,** increased its common capital stock from $600,000 to $800,000, effective July 1. (Number of shares outstanding 8,000 shares, par value $100.)

* * *

The National Bank of Orrville, Ohio, increased its common capital stock from $150,000 to $225,000 by a stock dividend and from $225,000 to $275,000 by the sale of new stock effective Oct. 26. (Number of shares outstanding 11,000 shares, par value $25.)

* * *

The Manufacturers National Bank of Detroit, Mich. and **The Romulus State Bank** announced they will submit a proposal Dec. 3 to merge to their stockholders. The merger is planned for Dec. 31, if the shareholders and the Comptroller of the Currency approve.

* * *

The First National Bank of Fond du Lac, Wisconsin, increased its common capital stock by the sale of new stock from $500,000 to $600,000 effective Oct. 30. (Number of shares outstanding 60,000 shares, par value $10.00.)

* * *

By a stock dividend the **First Farmers National Bank in Alexandria, Minnesota,** increased its common capital stock from $100,000 to $200,000, effective Oct. 26. (Number of shares outstanding 2,000 shares, par value $100.)

* * *

The common capital stock of **The Oklahoma National Bank of Oklahoma City, Oklahoma,** was increased by a stock dividend from $300,000 to $400,000, effective Oct. 27. (Number of shares outstanding 4,000 shares, par value $100.)

* * *

The First National Bank of Miami, Florida, increased its common capital stock by the sale of new stock from $6,000,000 to $7,500,000, effective Oct. 23. (Number of shares outstanding 750,000 shares, par value $10.)

* * *

The Board of Governors of the Federal Reserve System has issued an order approving the applications of **The Atlantic National Bank of Jacksonville** and the **Atlantic Trust Company,** both of Jacksonville, Florida, for approval of the acquisition of up to 94.75% of the outstanding voting shares of a proposed new bank, the **Southside Atlantic Bank, Jacksonville, Florida.**

* * *

Manatee River National Bank of Bradenton, Bradenton, Florida, changed its title to Manatee National Bank of Bradenton, effective Oct. 27.

* * *

The Manatee National Bank of Bradenton, Florida, increased its common capital stock by a stock dividend, from $500,000 to $600,000, effective Oct. 27. (Number of shares outstanding 60,000 shares, par value $10.)

* * *

Shareholders of the **Republic National Bank of Dallas, Texas,** on Nov. 5 voted approval of plans for issuance of a 25% stock dividend and for increasing capital, surplus, undivided profits and reserve for contingencies of the bank to more than $118,000,000.

Ratification of the proposals by shareholders was announced jointly by Karl Hoblitzelle, Chairman of the Board; Fred F. Florence, Chairman, Executive Committee, and James W. Aston, President of the bank.

Proposals, when effectuated, will provide for:

(1) Issuance of a stock dividend of 25% of the 3,155,548 shares presently outstanding, amounting to 788,887 shares of new stock to be issued to shareholders of the bank, thereby increasing the total number of shares to be outstanding to 3,944,435 shares.

(2) An increase in capital stock from $37,866,576 to a total of $47,333,220 by the stock dividend of 788,887 shares of the par value of $9,466,644. The stock dividend is to be declared from undivided profits, after first transferring an equivalent amount to undivided profits from surplus, leaving a net surplus of $52,663,780.

Simultaneously with the issuance of the stock dividend, The Howard Corp., whose shares are held in trust for the shareholders of the bank, will make payment of a $2,000,000 cash dividend to the bank, which will be added to surplus. This will result in total capital and surplus of $102,000,000, which, with undivided profits and reserve for contingencies as of the effective date of the above proposals, will amount to more than $118,000,000.

Issuance of the stock dividend and completion of the increase in capital stock will be effective upon formal approval by the Comptroller of the Currency.

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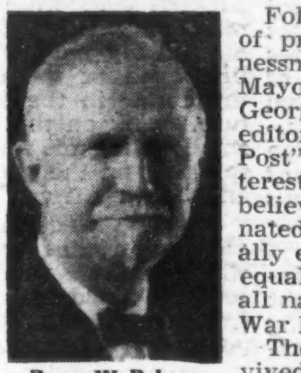
The First National Bank of Glendive, Montana, increased its common capital stock by a stock dividend from $100,000 to $200,000 effective Oct. 30. (Number of shares outstanding 2,000 shares, par value $100.)

Scandinavian Economies Contain No Communism

By Roger W. Babson

Contrary to knowledge obtained in his readings about the Scandinavian economies, financial publicist's on-the-scene visit causes him to apologize for misleadingly believing they occupied a halfway point between Communism and Capitalism. Mr. Babson also reveals how free trade has benefited Copenhagen.

Let me first make an apology about Norway, Sweden, and Denmark. Prior to this trip, I had assumed from my reading that the Scandinavian countries followed a system of government and an economic way of life halfway between Communism and capitalism. After three weeks of travel through Scandinavia, I have come to the conclusion that this representation is misleading. These three Scandinavian countries can be called "Welfare States" owning to the fact that great consideration is given to free hospital and dental service, care of young mothers and their babies, and old-age pensions. These things are in addition to government operation of the railways, bus companies, telephones, municipal apartments, etc., and in addition to the great co-operative stores. But private ownership is encouraged and these countries are democratic in their conduct of all political elections. Nothing here resembles Communism in any way.



Roger W. Babson

Copenhagen a Free City

Of the leading European countries, Denmark is the only one where the baggage of American tourists is not examined. Most goods are not taxed on entry; these nontaxable items include liquor, cigarettes, cameras, etc. Copenhagen (in which city is concentrated nearly one-third of the population of Denmark) is a "Free Port." Consequently, it is a great "Shopping Center" for all the women of the world! The women tell me that its goods are both the most beautiful and the lowest priced—while goods are the highest priced in Paris.

Denmark has no natural resources except its fertile soil, industrious people, and a repuation for excellent character. All food products are raised here, living costs are low, most people live in apartments, and everyone rides a bicycle! The majority of the population are of Caucasian origin; the girls are beautiful with golden hair. I can appreciate Governor Rockefeller's son choosing to marry a Scandinavian girl!

The World's "Shopping Center"

All who read this column know and patronize some new "Shopping Center" which has recently been built near their towns. Well, my wife considers Copenhagen the leading "*Shopping Center of the World.*" Moreover, it is easy to reach, since the beautiful and steady ocean liners of the Swedish-American line go directly from New York to Copenhagen as their first stop.

During World War II, Hitler took over Denmark and Norway; but Sweden remained neutral. Hitler, however, did not interfere with the economic life of Copenhagen, but was satisfied with the money and silverware he collected as a heavy tax. This city is a wonderful center for silversmiths, porcelain makers, and manufacturers of home electrical products. Shipbuilding is also booming here.

Eliminating Economic Causes Of War

Following World War I a group of prominent Philadelphia businessmen—under the leadership of Mayor Vandergraph and of George Horace Lorimer, famous editor of the "Saturday Evening Post"—formed a society which interested me greatly. This society believed that war could be eliminated henceforth only by gradually eliminating tariffs and giving equal economic opportunities to all nations. Unfortunately, World War II broke up this society.

The Society is now being revived, and I am pleased to say that Copenhagen is being considered as its World Center. One reason for my being over here is to help with the rebirth of this Society. And I am interested in knowing how Germany, Poland, and Russia feel about the idea of low tariffs being considered as a part of any plan of general disarmament. Certainly the United States cannot safely reduce its tariff now without assurance of some satisfactory world wage stabilization. Disarmament is a very complicated problem, and Mr. K knows it to be so.

Joins Eastman, Dillon

(Special to The Financial Chronicle)

SOUTHERN PINES, N. C.—Albert C. Brumley has become connected with Eastman Dillon, Union Securities & Co., 135 West New Hampshire Avenue.

With Goodbody & Co.

(Special to The Financial Chronicle)

CLEVELAND, Ohio — Sheldon M. Fisher has become associated with Goodbody & Co., National City East Sixth Building. He was formerly with J. N. Russell & Co., Inc.

Penington, Colket Admits Partners

Penington, Colket & Co., 70 Pine Street, New York City, members of the New York Stock Exchange, have admitted John Lloyd Tabb, III and Frank P. Egan, member of the Exchange to partnership in the firm.

Named Director

John J. Kubach, Vice-President in Bankers Trust Company's International Banking Department, has been named a director and member of the finance committee of Citadel Life Insurance Company of New York, it was announced by Moshe Pomrock, President.

Mr. Kubach, active in the banking field for more than 35 years, joined the Equitable Trust Company in the mid-1920s. He subsequently joined the staff of the Interstate Trust Company in 1929 and one year later joined the Public National Bank and Trust Company. Mr. Kubach joined the staff of Bankers Trust Company through a merger of the Public National Bank and Bankers Trust Company in 1955.

P. T. Phiambolis With Taussig, Day & Co.

ST. LOUIS, Mo.—Paul T. Phiambolis has become associated with Taussig, Day & Co., Inc., 509 Olive Street, members of the Midwest Stock Exchange. Mr. Phiambolis, who has been in the investment business in St. Louis for many years, was formerly with White & Company.

With A. G. Edwards

(Special to The Financial Chronicle)

ST. LOUIS, Mo. — Virginia P. Fittge, Jane K. Keithly and Myra Kennedy have joined the staff of A. G. Edwards & Sons, 409 North Eighth Street, members of the New York and Midwest Stock Exchanges.

Stein Bros. & Boyce Open Nashville Branch

NASHVILLE, Tenn.—Stein Bros. & Boyce have opened a branch office in the Third National Bank Building under the management of Richard J. Eskind.

The Business Outlook And the Money Market

By Joseph H. Taggart,* Dean, Graduate School of Business Adminstration, New York University

Graduate business school dean predicts continued prosperity in the months immediately ahead and on through the first half of 1960 followed by developing adverse pressures culminating in a recession by early 1961. To this he adds reservations as to why his optimistic prediction might be wrong as well as a summary of the sources of strength and weaknesses to be found in our economy. Dean Taggart believes we have about reached the cyclical peak in the money market with the prime rate possibly going up to 5½%.

Seldom has the economic picture been more cloudy, seldom has one seen more uncertainties in the economic outlook than seem to appear on the horizon today. Therefore, one must approach a discussion of it with great trepidation. Of course, there are always dangers in forecasting, and economic forecasting offers more than the usual number.

Dr. J. H. Taggart

Where Do We Stand Today? Let us review our present situation as a basis for the forecast. The recession which started in the middle of 1957 was of short duration. By the spring of the following year, recovery had started and it had been much stronger than anybody expected. Our Gross National Product rose from $431 billion in the first quarter of 1958 to $485 billion in the second quarter of 1959—a tremendous increase in a very short time. Disposable personal income, that is, what's left of our income after paying our dues for being in Uncle Sam's club, was at an all-time high in July and consumption expenditures the highest on record. Non-farm housing starts are way up, as is the value of new construction.

There is no doubt about it. The economy is in high gear. While the steel strike has leveled it out some, it has not as yet weakened the economy as a whole.

It might be interesting to recall what really contributed to the rapid and strong recovery. First, massive government intervention, more by luck than design, which brought about a deficit of $12½ billion in fiscal 1959; secondly, a sharp decrease in money rates in the second half of 1957 and the first half of 1958; in addition, a snapback in inventory accumulation at the same time disposable income and expenditures remained high even during the recession and periods of unemployment.

Offers Business Forecast

Business Outlook. This is my forecast. I look for continued increase in business activity in the months immediately ahead and during the first half of 1960. By early 1961, adverse pressures may begin to build up—so that a recession at that time is a definite possibility. The timing of early 1961 as the onset of the next recession fits in with the pattern that has emerged during the postwar era.

Sources of Strength

Why Do I Look Forward to Continued Increase in Business? Capital expenditures on new plant and equipment are rising rapidly. This is a vital factor in business prosperity, running as it does from $30 to $35 or $36 billion a year. Surveys of the SEC and the Department of Commerce project capital expenditures to rise 20% by the end of the current year over the same period last year, although the length of the steel strike may reduce these estimates somewhat. These expenditures will approach an annual rate of $36 billion. It should be pointed out that these capital expenditures will not be for expansion as much as for modernization of plant. There are several reasons why I should expect these expenditures to increase in 1960.

(1) Corporations are in a relatively liquid position, despite tight money crises; they are holding large amounts of cash and government securities. Their profits are high and still higher profits may be posted for the year 1959. Furthermore, depreciation allowances have increased substantially. This all adds up to the fact that the corporate cash flow is currently extremely high. So the corporations are in a position to spend for capital improvements.

There is no doubt of the continued need for modernization and automation, with increased labor costs and intensive competition, not only in this country but abroad. Therefore, I would look for capital expenditures to rise to around $38 billion during the calendar year of 1960.

(2) Consumer spending will increase.

(a) The consumer has turned into a most amazing animal. He was the hero of the 1957-1958 recession. His total spending fell less than one-half of 1% from the peak to the trough. This was particularly surprising in the face of a disastrous slump in car sales.

(b) Personal income would be rising were it not for the steel strike. Consumers seem to be optimistic concerning the future, according to the Survey Research Center Study.

(c) There is a good outlook for car sales—and 6½ to 7 million units for 1960 does not seem to be too far out of line as against 1959's figure of about 5½ million.

(d) Consumers have shown good sense to react unfavorably to price increases and to buy where prices are right. The relative stability to the consumer price index over the last 18 months in spite of last month's rise is a good sign. Consumers are not only willing to spend income—this is fine—but have shown no hesitancy about going into debt. Monthly consumer debt reaches new peaks. Credit is so much a part of our life now that as one looks back, perhaps the most important things is how we got along in the early days without it. However, I do not consider that the great increase in consumer credit is of a dangerous nature. This credit amounts to only about 10% of our Gross National Product and this relationship has not increased materially in the last four years.

(3) Exports appear to be rounding the corner.

(a) The recent upsurge in business in Western Europe should bring some rising demand for U. S. manufactured goods and raw materials. This does not mean that all lines will be affected favorably.

(b) Increased holding of gold and dollar reserves by foreign nations should help for it means fewer restrictions on European trade with the United States.

But one should not look for any great rise in our exports for competition is keen and many U. S. industries are finding increasing difficulties.

Moreover, I do not expect the balance-of-payments problem to be solved. It cannot be solved so long as we continue to export capital and maintain our foreign aid program. Capital exports will continue, but the high rate of interest will cause them to be reduced.

The modernization of our plants and increased automation will be an important factor in the international competitive situation. I might say here, parenthetically, that, in my judgment, there is no likelihood of the devaluation of the dollar in the foreseeable future. Talk on this point is to no small extent the result of wishful thinking on the part of European and South African economies.

(4) The election of late 1960 will mean that both parties, in the meantime, will be very anxious to avoid any action which could slow down the pace of prosperity.

In summary, then, as I see it, it adds up to a further advance in business activity but at a more moderate pace. Of course, I realize that the process of inventory accumulation following the steel strike will cause a temporary bulge, but this should be sufficiently absorbed early in 1960. Most of the strength of the recovery is already behind us, with profits up 40%, production by over 20%, and productivity by a very substantial amount. Therefore, I look for the great force from now on to be found in capital spending and consumer purchases. I do not wish to imply that weaknesses will not develop. In all fairness, I should point them out as I see them:

Areas of Weaknesses

(1) Nineteen-sixty will witness, I think, some decline in housing. Because of pressures on the availability of funds, I should look for a reduction in housing starts by one or two hundred thousand units in 1960 from the record level of this year.

(2) I would look for some changes in inventory policy. Inventories rebounded sharply during the first half of this year because of excessive cuts in 1958 and the anticipatory buying preceding the steel strke. Since July, however, we have been rapidly drawing down stocks. To be sure, the resumption of steel output will witness a furious scramble for supplies; but once inventories are in better balance again the pace of accumulation should slow materially.

(3) Federal spending, both for military and non-military purposes, will be under pressure. Although a cutback seems unlikely, the rate of increase will slow up considerably and expenditures might even be held at the present level.

With respect to the money market, I think, undoubtedly, that the sharpest part of the rise in interest rates is already behind us. Money will continue to be tight but if the price level continues to hold fairly stable, the Federal Reserve authorities will probably pump enough funds into the System to prevent any downward movement of business activity. Of course, if corporations sell their Governments, there will be additional pressure on the money market. I believe that we have almost reached the cyclical peak in the money market but I would not be surprised if the prime rate went to 5½%, with proportionate in-

Continued on page 34

THE MARKET . . . AND YOU

BY WALLACE STREETE

Hopes that even an 80-day end to the steel strike would end the stock market indecision proved a bit too high and the list continued to show a ragged pattern this week.

* * *

Even the initial reaction to the back-to-work order was restrained and ran out of steam quickly. This situation also was obvious in the rails which were the first to retreat on the trim in carloadings from the strike, and which stand to be among the first to benefit by reopening of the mills.

"Brinkmanship" of the Rails

The rails are on the brink of their own labor troubles, this time with much interest centered on featherbedding, which could account in part for the lack of interest in them.

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The item that owes part of its appeal to a rail link is Alleghany Corp. although much of the recent activity seems to be the buying by a single group headed by A. M. Sonnabend. Some reports put his holdings at 700,000 shares. Why the buying and what it portends for Alleghany is still moot, since no statements have been made about the acquisition.

* * *

Alleghany is the largest holder of New York Central which, in turn, is an important holder of valuable real estate. The main asset of Alleghany is the 357,000-share bundle of Investors Diversified Services, although this is usually ignored in considering the areas where Alleghany could suddenly emerge spectacularly.

* * *

Even merger talks between Rock Island and Chicago, Milwaukee, St. Paul & Pacific were of only slight help to these roads. It did drop the Milwaukee out of the 6% yield bracket which it showed when it was hovering around the low for the year. Like most rails, the Milwaukee is in line for a good earnings gain next year but the steel strike virtually cancels any hope for a gain over last year's showing in 1959.

* * *

There was a rather obvious divergence in the action of the rails against that of the industrial average. The carrier average was close enough so that a test of the year's low seemed possible on any important setback. The industrial average, however, has worked back about halfway from the September low where it showed a loss of more than 60 points from the all-time peak. After posting the reaction low, it rebounded without any hint since of a secondary test of the "floor."

Interesting Un-Diversified Item

The auto parts plant that is still not overly diversified is Motor Wheel which gets nearly three-quarters of its business from its automotive division. The company had a good rebound in the first half year from a token loss in the same period a year ago. It seemed on its way to a good showing until the steel strike started curtailing new car production. How much of the bloom will be lost is still problematical although some of its followers still look for earnings around $1.50 a share, which makes the current 60-cent dividend a distinct candidate for betterment. Meanwhile, at the current market price of 17, the stock yields 3½%.

Some Bouncy Issues

The company that had its own strike troubles to curtail 1959 earnings is Allis-Chalmers which had its major plants shut down for most of the first quarter and part of the second. This curtailment will keep the full year earnings from being dramatic although doubled earnings in the third quarter over the same period a year ago show that the earning power is there. Here, too, the annual dividend of a dollar, more than covered in the third quarter alone, is a candidate for improvement.

* * *

Also showing a strong earnings uptick was Aeroquip Corp., of hose lines and hose line fittings specialties. The company's profits tripled over the showing made in the previous fiscal year when the recession dip was evident. This 20-year-old enterprise is still in a strong growth trend which keeps it from appearing anywhere high on the dividend yield. The company is expanding busily and its cash is used for that purpose although the 40-cent cash payment has been larded with stock dividends in the last four years.

Oils—Still in the Dog-House

Oils, apart from momentary stirring, were still in the doldrums, extending what already is a protracted stay. Unlike some of the others, Cities Service reported a decline—from $3.01 to $2.54—in nine month earnings although the figures aren't entirely valid. Last year's period had a special credit of around 60 cents to help the report which was missing this

year. The illustration of neglect in Cities Service is a yield of almost 5% for a quality item. It is holder of nearly a third of the common stocks of Richfield Oil, as well as convertible debentures. On its books the investment is carried at $30.3 million when the market value is nearly five times as much.

* * *

Universal Match had quieted down a bit after it had had a play as the diversification item busily acquiring other firms, three at one time in fact. Here again is a case where the dividend is modest, being only a dollar per year on the increased rate, but it has been bolstered in the last couple of years by stock payments.

Glamor Issue

Fairchild Camera was still an item hotly debated as to its merits after improving from less than 51 to more than 200 in price in 1959 alone. The merit here, or at least the glamor, is its electronic work rather than its camera activities although it is reputed to be readying a motion picture camera that will be an innovation in that field.

* * *

In the electronic area Fairchild seems to be completely confident of growth and is talking of doubling capacity in several phases of this work. But still ahead is the prediction of earnings of as much as $10 per share in 1960 to justify its high current price tag.

* * *

With the steel strike hurting the hard goods lines, some attention was diverted to department stores. The twin explanations are the approach of their big seasonal period and their showing of robust rebound in business this year. They have long been depressed, which is reflected in yields of between 4½ and 5% in Allied Stores, R. H. Macy and May Dept. Stores.

[The views expressed in this article do not necessarily at any time coincide with those of the "Chronicle." They are presented as those of the author only.]

Goodbody Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Griffin S. J. Fallon has been added to the staff of Goodbody & Co., 125 High St.

Three With Keller Bros.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Gene A. Dillon, Wilbur D. Segal and John A. Zampine, Jr. have joined Keller Brothers Securities Co., Inc., Zero Court Street.

With Nikko-Kasai

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Hayase Shizuo has been added to the staff of Nikko Kasai Securities Company, 111 Sutter Street.

Bache Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Laurence Dennett is now with Bache & Co., 140 South Dearborn Street.

Eitel-McCullough Debentures Sold

Schwabacher & Co. on Nov. 10 headed an underwriting group which publicly offered $5,000,000 of 5¼% convertible subordinated debentures of Eitel-McCullough, Inc., due Nov. 1, 1974, at 100% and accrued interest from Nov. 1, 1959. This offering was heavily oversubscribed.

The net proceeds will be used primarily for retirement of the company's current bank borrowings, and the balance will be used for general corporate purposes.

The company was incorporated under the laws of the State of California on Sept. 12, 1934. Its principal executive offices are located at 301 Industrial Way, San Carlos, Calif. The company is engaged primarily in the development, manufacture and marketing of power vacuum electron tubes and accessories for the generating or radio frequency energy for applications in such fields as broadcasting, radar, industrial processing and military and commercial communications. In addition the company manufactures and sells, in smaller quantities, miscellaneous other electronic products. The company's products are sold under the trade name "Eimac."

Two With Bache & Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—E. Herman Heimann, Jr. and Robert E. Mullane, Jr. are now with Bache & Co., 140 South Dearborn Street.

Hugo Stinnes Corp. In New Acquisition

The recent sale of the assets of American Drill Bushing Co. to Hugo Stinnes Corp. was negotiated by Schwabacher & Co.

Joins J. A. Hogle

DENVER, Colo.—Eugene S. Hufford has become affiliated with J. A. Hogle & Co., Equitable Building. He was formerly with Garrett-Bromfield & Co.

Now With Waldron

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—George Yee has become connected with Waldron & Co., Inc., Russ Building.

Cooperative Banks Offer Debentures

The Banks for Cooperatives are arranging for an offering tomorrow (Nov. 13) of a new issue of approximately $140,000,000 of nine-month collateral trust debentures to be dated Dec. 1, 1959, and maturing Sept. 1, 1960.

Proceeds from the financing will be used to refund $130,000,000 of 4¼% debentures maturing Dec. 1, 1959, and for lending operations. The new issue will be offered through John T. Knox, Fiscal Agent, and a nationwide selling group of securities dealers.

Sound and Stable Money the Bedrock of Economic Power

By Lee P. Miller, Retiring President of the American Bankers Association, and President of the Citizens Fidelity Bank and Trust Company, Louisville, Kentucky*

Mr. Miller advocates bipartisan economics to help improve our ability to cope with the continuous crisis arising from Communism's threat. In so doing, he singles out for such treatment the government's fiscal and monetary soundness wherein, he says, lies the heart of our economic strength. Using the occasion of his retirement from office to review the ABA's annual accomplishment, Mr. Miller praises the Association's recently adopted anti-inflation and economic growth program; attempt to achieve equal tax treatment of all financial institutions; success in amending the National Banking Act; decision to study credit unions; and progress on the educational front.

"We have beaten you to the moon, but you have beaten us in sausage making."

The lush cornfields of Iowa were the setting for those words by Nikita Khrushchev during his recent visit to our country. They are words for sober reflection. As he munched on that earthly symbol of American civilization—our beloved hot dog—Mr. Khrushchev subconsciously was describing to the world a fundamental distinction between the ways of our country and his.

Lee P. Miller

Simple as it is, the hot dog is symbolic of our economy of consumer abundance. One of the burning questions in Mr. Khrushchev's search for understanding about America was how so few of us could produce so much food to nourish our people, and he might well have asked the same kind of question regarding almost every other aspect of our standard of living. Mr. Khrushchev seemed to be admitting that the Soviet had been preoccupied with reaching the moon at the expense of providing even simple things for the consumer that are well down the list on America's dinner menu.

Our visitor also might have observed that we have come to take almost for granted the concept of a steadily rising standard of living. We have tasted a period of extended prosperity and have learned to enjoy the new and better things that modern technology in our economy of private enterprise can give us. But at times we have been in danger of losing sight of fundamental factors upon which that very standard of living rests.

Being Too Preoccupied

The realities of the present-day world tell us that we cannot afford to be preoccupied solely with the material things that benefit the consumer directly. A rocket shot to the moon cannot please the palate like a hot dog, but it is symbolic of a missile age which, for military security reasons, imposes great responsibilities upon us. Too few of us recognize those responsibilities, and too many of us are content to press for betterment of our standard of living in all sorts of ways, regardless of whether they may impair the strength upon which both national security and genuine and lasting economic prosperity depend.

Our nation is great because our people have been able successfully to meet each challenge to our security after they have understood what is required of them. Partisan politics have always been subordinated to the primary job of meeting each crisis. We have carefully preserved a two-party system as something fundamental to a vigorous democracy, and we have made it work. Within it we have been able to find a common ground on which to deal with each threat to what almost two centuries ago was called the "Great Experiment."

The "bipartisan foreign policy" of the current generation is a good example of the willingness of people of different political persuasion to agree upon the fundamental nature of a problem, to accommodate differences in viewpoint and approach, and to face the rest of the world with a spirit reflecting unity of purpose.

Our nation faces a crisis today which demands the same unity of purpose and bipartisan approach that so many times in the past proved essential. We are in a continuing crisis arising from the threat of Communism to the survival of our own nation and other free peoples of the world. This crisis is not a shooting war, but a new phenomenon—the impact of a continuing and heavy defense and scientific development program in an age of missiles. The resulting environment contains many of the economic forces produced by war, but thus far has involved very little of the discipline and sacrifice usually associated with a war. This must have been evident to Mr. Khrushchev.

Advocates Economic Bipartisanship

Under these circumstances, I believe that we should be thinking in terms of bipartisan economics. I do not mean that we should announce to the world that we have adopted a bipartisan economic policy. But I would emphasize that since the survival of our nation in this crisis will ultimately depend upon our economic strength, the leadership of both our political parties will have to share the responsibility for the adoption and vigorous pursuit of policies to preserve that strength.

The time has come for those who profess faith in the things that made America great to stand up and be counted. We cannot afford to allow party politics to interfere with the fundamental objective of preserving the economic strength of our country, and therefore men on both sides of the aisle must support policies which serve that objective.

At the heart of our economic strength, I believe, is the soundness of our government's finances, and the soundness of our money. No country has ever achieved its potential without sound and stable money. On the contrary, economies have stagnated and nations have collapsed for the want of sound money.

That is why it is so important for our leaders—regardless of political affiliation—to rally behind the cause of sound money. A progressive weakening in the value of the dollar can sap our economic strength and cause us to lose the battle against the forces that seek to destroy us. This is something that each and every American should be made to understand. If they do, then I am convinced that they will accept the responsibilities placed upon them by the circumstances of the times.

Such is the setting in which it is my privilege to report on the stewardship during the past year that the membership of this Association so graciously entrusted to me. For the assistance and confidence of my friends and associates in the banking and business world and for the hospitality and good will of organizations and individuals all over the country, both Mrs. Miller and I are deeply grateful. Without the hard work and cooperation of so many men and women on the Association team of bankers and staff, my job this year would hve been impossible.

It has been a very active year. In some respects, it has been trying. In others, it has been gratifying. We have made fine progress in many of the things we have set out to accomplish, and have been disappointed in others. But if we have succeeded or failed on individual counts, we have demonstrated that this Association is a live organization whose potential is great and whose contribution to the welfare of banking—and thus indirectly the public served by banking—can be measured only by the degree to which the membership assumes a participating role in its work.

I canont review all of the many activities of the Association year, but two major areas deserve the attention of each and every member.

Reviews Anti-Inflation Program

The first area concerns the broad economic environment for banking. I have already mentioned the responsibilities imposed by the missiles age upon our people and our political leaders for preserving our country's economic strength. No subject could be more important to bankers than this, and I am pleased to report that during the past year the Association has come fully to appreciate the role that its membership can play in creating a better public understanding of what is needed to achieve economic progress.

About two months ago, the Association launched an important new activity: a program to foster economic growth and to combat inflation. This program will be guided by a new special committee of the Economic Policy Commission called the Committee for Economic Growth without Inflation.

The program is founded on two major premises. The first is that the problem of achieving economic progress and price stability is one that will remain with us for many years to come. The second is that bankers have a responsibility to do what they can to contribute to the solution of this problem.

Initially, our efforts will be mainly in the areas of education and Federal legislation.

Our educational program will concentrate on explaining the factors affecting economic growth, combating the notion that inflation is inevitable, explaining why inflation is cause for serious concern, and advocating policies that should be followed to promote growth and to avoid inflation.

I am happy to report that this educational program is already past the planning stage. Within a week or so after the Convention, members will receive a letter from the new President of the Association, enclosing a copy of a new booklet entitled: "A Banker Discusses—Inflation, Credit Control, and Interest Rates."

This booklet is in question-and-answer form and covers all of the important aspects of the relationships among bank credit, Federal Reserve policy, interest rates, and inflation. It contains information that will be of interest to bankers, as well as their customers. It is designed to help bank officers answer many of the questions asked by their customers.

I strongly recommend that this booklet be carefully examined and orders placed for additional copies for wide distribution among bank officers and employees, stockholders and customers.

The other main part of the new program will involve taking an active interest in Federal legislation which has an important bearing on economic progress and growth. Naturally, we shall have to be selective in this since we could not possibly try to cover all legislation which has some bearing on this problem. We shall concentrate on measures where the right answers appear to be clear and where support or opposition by bankers may be able to do some good.

It has become increasingly evident that sound public economic policies cannot be achieved without widespread understanding and support. It is also clear that bankers have a duty to do what they can to contribute to the public's understanding of these matters. The success of this new Association program in the public interest will depend upon the enthusiasm with which bankers embrace it. This program presents an unusual opportunity to American bankers. I urge all to take full advantage of it and to give it active support.

Fight for Equal Taxation

The second major area on which I would like to report is the work of the Association in preserving and strengthening the role of banks in the financial system. While the whole mission of the Association can be described in these terms, particular legislative, educational, and related activities deserve comment. Banking today is involved in a live competitive battle, and problems involved in serving the needs of our expanding economy pose a great challenge to both individual banks and their associations.

At the top of the list, of course, is activity in the field of taxation. Last year's Convention made it clear to the officers of this Association that the membership desired that something be done to correct the unfair disparity in tax treatment between mutual institutions and commercial banks. Shortly after the Convention, I appointed a committee representing the Administrative Committee to explore the tax question with representatives of the National Association of Mutual Savings Banks. Their discussions over a period of several weeks failed to produce agreement as to how the tax laws might be changed to secure a greater degree of equity between commercial banks and mutual institutions. They did show, however, that groups within the membership with sharply different views can and should attempt to seek better understanding on matters at issue.

The work of the A.B.A. committee led to the formulation of the Mason Bill (H. R. 7950), which was introduced into the Congress on June 24, 1959. I shall omit the details of the bill since they have been already communicated to the membership, but for the record of this Convention I should state at least that the bill provides a uniform deduction for reserves for bad debts for commercial banks, mutual savings banks, and savings and loan associations.

In the forthcoming session of the Congress, the Association intends to press for enactment of this bill. Hearings have not been scheduled, but the whole question of inequities in our tax structure will be aired by the Ways and Means Committee in November. This will provide an opportunity to amplify the views already outlined in statements to date.

I should like to state further that this action of the Association answers positively and directly the doubts expressed by some in the past that the Association could not take a position on the tax issue as long as the mutual savings banks were permitted to remain in the membership. The tax stand has been distasteful to the mutuals—and naturally so—but I am pleased to report that a significant part of the mutual savings bank constituency has had the broad vision to place other considerations above the current tax issue, and has remained in the membership to continue enjoying the benefits of the Association in so many fields. I would hope that the Association may continue to inspire and keep the confidence of all bankers—whatever their viewpoint on specific issues—and that the recent defection will be just a passing phase, as has been the case so many times before in Association history.

Other Banking Accomplishments

The tax question is only one aspect of the Association's work to strengthen the ability of its members to serve more effectively. The past year also witnessed the enactment of legislation permitting the Federal Reserve to reduce reserve requirements of member banks and to include vault cash in required reserves, as well as modifying the reserve classification of banks. This legislation marks an important step toward the reserve reform advocated by the Association for some time, and places the commercial banking system in a better position to accommodate credit needs of a growing economy on a long range basis.

Also significant was the enactment this summer of the Brown Bills, which amend the National Bank Act. Their provisions had been part of the Financial Institutions Act which failed to gain House clearance last year. Success was achieved this year, however, by handling noncontroversial features of the Financial Institutions Act in separate bills. This updating of the laws provides greater flexibility for national banks to serve the needs of a changing economy.

Credit Unions

Another field in which the Association has increased its activity is that of credit unions. Last September, the Administrative Committee authorized me to appoint a new Association Committee on Credit Unions to study developments in this fast-growing movement and to evaluate their impact upon the banking system. The place of credit unions in the financial structure—present and potential—is not generally understood. The committee therefore is hard at work calling to the attention of the banking community and others interested in the field what it interprets to be the significance of the extensive growth of credit unions. It is my earnest hope that the interest of the Association in this subject will not be misunderstood. The Committee on Credit Unions has made it clear that the concern of bankers is not over competition as such in the savings and consumer credit fields served by banks, but rather that of safeguarding the public interest in a sound banking system.

Credit unions, of course, are only one feature of the financial kaleidoscope. More knowledge and understanding about the workings of the present-day financial system and the interrelations between institutions are badly needed. It was my privilege recently to appoint another new Association Committee to develop a monograph on the Commercial Banking Industry for the Commission on Money and Credit. We expect that it will make a noteworthy contribution in explaining the role of banks in the financial system and the viewpoint of the banking fraeternity on important questions.

On the operational front, the varied activities of the Association are moving forward. In a

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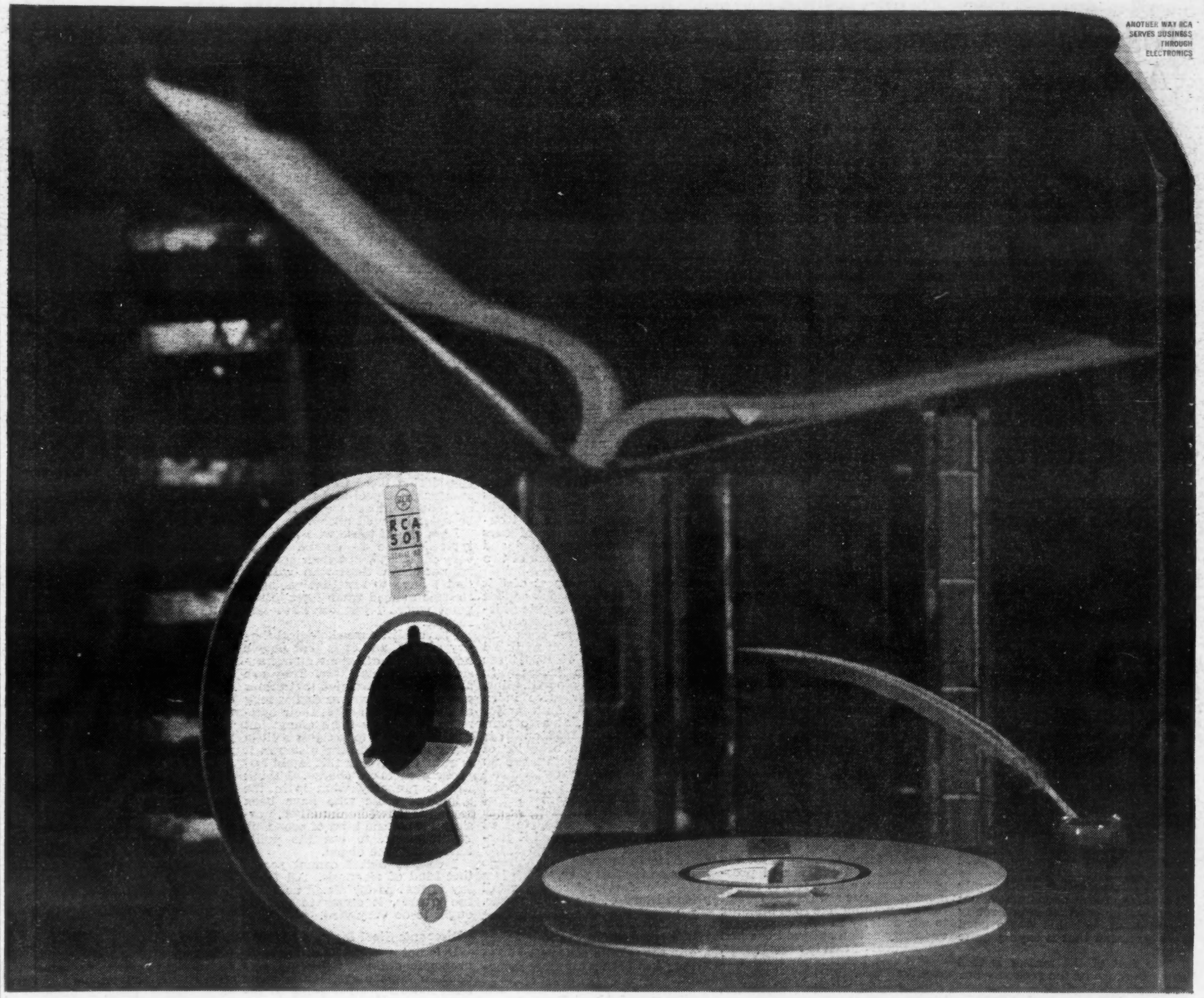
ANOTHER WAY RCA SERVES BUSINESS THROUGH ELECTRONICS



RCA Electronics creates the "501" to streamline the paper work of business—it reads, writes, figures and remembers on tape

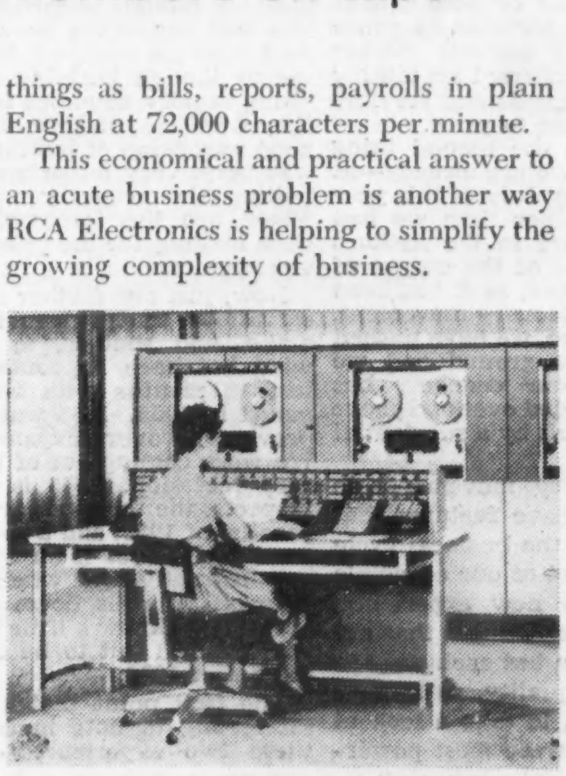
Much of today's traffic jam in paper work is being eliminated by electronic data processing. But to build a system that would be practical and economical for even medium-sized organizations was a job for electronic specialists.

To solve the problem, RCA drew on its broad experience in building computers for military applications and combed its many laboratories for the latest electronic advances that could help. The result was the RCA "501" high-speed electronic data processing system — the most compact, flexible, and economical ever built. It is a pioneer system with all-transistor construction for business use.

The "501" cuts out paper work bottlenecks for many government agencies and businesses, from stock brokerage firms to public utilities, banks, insurance companies, and steel mills.

It "remembers" millions of letters, numbers, and symbols that are "read" onto its magnetic tapes by such things as punch cards and paper tapes. In a fraction of a second, it can do thousands of calculating, sorting, and comparing operations — and checks each step. Finally, it writes such things as bills, reports, payrolls in plain English at 72,000 characters per minute.

This economical and practical answer to an acute business problem is another way RCA Electronics is helping to simplify the growing complexity of business.



RADIO CORPORATION OF AMERICA

Today's Economic Situation And What to Watch Out For

By Raymond J. Saulnier,* Chairman, Council of Economic Advisers, Washington, D. C.

President's economic advisor couples to his observation that he sees no evidence of a likely downturn after 1961 two premonitive developments to watch out for. One, the similarity of the recent pace of consumer credit expansion which led to the 1957-58 troubles, and two, the reappearance of cost pressures on profit margins and prices. The economist says in no instance was the course of the economy altered by a strike in a major industry. He urges we hold prices and costs in line long enough so that people can have confidence in their stability and not be constantly in fear of an increase. To do otherwise, he adds, entails a risk of suppressing investment and the rate of economic growth.

To get a kind of perspective on the economic situation today, one can do that, I think, best by looking back just a bit and trying to get a picture of how it has developed. I do not mean going back very far, but at least going back to the beginning of the recovery movement, or what we commonly refer to as the recovery movement but it has been more than that, it has been recovery and growth. If you do that, you get a little better sense of where we are today and I think also a little better sense of how we may move in the months immediately ahead.

Dr. R. J. Saulnier

The first thing that I think is important to note about economic developments since the turn into recovery—and that turn came in the spring of 1958—is that this has been a very good and strong recovery movement. I do not have the feeling that it was an unusually strong one, though I think the fact that it came a bit sooner than had been anticipated perhaps led people to believe that there was somewhat more strength and power to it than I think was the case when you look at it with some perspective. It was a very good recovery.

This is an age when unhappily it seems to me if something is not super-super good, it is not really up to snuff, but this was a good recovery, and that is saying quite a lot.

The fact of the matter is that since the turn of the recovery our country's total output of goods and services has increased by 10%. That is quite a lot. After all, we are living in a world in which we have an output of our economy which is not far from $500 billion a year, and 10% of anything in the neighborhood of $450 billion is a very large increase in goods and services. I am not talking about inflated dollars; I am talking about physical goods and services without reference to price.

Furthermore, the second thing to note is that we are already—at least we were by July of this year—about 4% higher than we had ever been before in the nation's history in terms of the output of goods and services, so it has been a good strong recovery movement, and what is more, we have pushed ahead into new ground and we can say that our economy has grown or expanded over and above its previous levels by a substantial amount.

These recovery movements in some respects have features that are alike. And the business cycle is a familiar part of our economic history — not a new experience. They have some features that are like earlier ones, but each one has its distinctive quality, so it pays a little, I think, to take a look at the forces that were most powerful in propelling that recovery movement.

Let me run down these very quickly. If you measure these things in terms of dollars, you say that the biggest force is the largest dollar amount. The biggest thing was the consumer and consumer spending. The fact is that consumer spending on services, not physical goods but on services, was the thing that expanded most in terms of dollar amount during our recovery.

The second big thing was inventory accumulation, and this was very large. In part, this was in anticipation of developments in the steel industry which transpired broadly as had been feared and expected, but it was not only that. I think the fact of the matter is that during the 1957-1958 recession there was a very substantial liquidation of inventories and the reversal of this was a powerful factor making for our recovery.

There are two other things which I would like to particularly mention, and they are, first, the activities in construction of all kinds by state and local governments. This means road building, the construction of public buildings, the building of schools and community facilities all over the land. As you fly over the countryside and look down and see the way the earth's surface has been scraped off for building projects everywhere in America, everywhere you go, you can see that this type of activity has been a powerful force in making for the high level of business and prosperity that we have felt in recent months. I have always felt myself there is nothing like road building to stir activity in any community or in any nation and we have had a great deal of that in recent years, and it has been a powerful and positive force.

Residential building, of course, has been another, you might say, hero of this little plot of ours. Home building has gone ahead at a very high rate, fortunately, for a considerable period at no very substantial increase in the cost of building though, unfortunately, of late that record has been marred. As I read the numbers, it looks to me as though building costs are rising rapidly now, but for a time they were not, and we had a very good expansion of building which was very, very important in propelling the recovery movement. These are the forces that have been making for the prosperity of our country.

Now, just one further set of observations that I would like to make, and that is, to compare what has been happening in the last 12 months with what happened in 1955. 1955 was our last previous recovery expansion year. We were coming out of the 1953-1954 recession. 1955 is in many respects the counterpart or the parallel of 1959, and a comparison of 1955 and 1959 is an interesting and instructive one when you ask yourself what is down the road because we know a little bit about what turned out to be down the road after 1955.

The first point that I think is interesting to note in comparing these two experiences — and I think it lends a fairly optimistic tone to one's views of the outlook —is that the expansion movement that we have been going through of late was, broadly speaking, a better balanced expansion than was the one that occurred in 1955. At least that is the way that it strikes me, though nobody, of course can be entirely sure in making these appraisals.

The outstanding feature, of course — the difference between the two—is that 1955 as a prosperity year was marked by a very, very rapid increase in automobile sales. If you look back over that history, it was the remarkable success of the automobile industry that made 1955 the boom-like year that it was. I think perhaps you might put success in quotation marks. At least it was good for a while. It seemed at the time that we were probably selling 1956 automobiles in 1955 and I must say that, as I lived with that experience, the truthfulness of it grew on me. We have not had that in 1959. It has been a year in which sales of consumer durables have been very good, but it has been a more diversified thing. It has not been concentrated in one area as 1955 and, whatever the merits of diversification in an investment portfolio, anyone in my line of work likes to see diversification in the growth of the economy. We get into trouble in this great nation of ours when we have concentrated and extensive expansion in one of two lines.

There is another aspect of this 1955 and 1959 comparison and that is the difference in the price history. There is a very interesting difference. If you go back and look at the records, you will find in the second half of 1955 there was a very sharp increase in wholesale prices all along the line. Now, the consumer price index did not rise in 1955. As a matter of fact, it was as flat as a pancake, but it rose in 1956, and it is characteristic of the behavior of our economy that prices move up first at the wholesale markets and then they move later in the retail markets. And for what comfort one can find in it, and these are days when one is pressed to find comfort and happy to find it anywhere, there has been no really comfortable increase in wholesale prices so far this year, which is a favorable factor for the retail price history of the coming year.

I hope that history does not prove me wrong between now and Dec. 31. So far—and after all we are in the middle of October—the history has been a bit more favorable.

Concerned About Consumer Credit Rise

People in the banking business must be interested, of course, in how finances behave and how it looks in this year compared to what it was in 1955 and in earlier expansions. As I read the figures, the fact is that it has been a period of more rapid credit expansion than 1955 and it is primarily in the business loan area. I have always had a rather special interest in what goes on in the consumer credit area. I am even old enough to remember when the banking business was not greatly involved in the consumer credit business but it is now. The fact is that we have not had in the last 12 months an expansion of consumer credit anywhere near as much as we had in 1955. The figures show it is really a very remarkable difference to date.

I think it is important to recognize, however, that there has been a very sharp increase in consumer credit extensions in the very last few months. In fact, if you will take the rate at which it has been extended at the last two or three months and put it on an annual rate basis, it would actually be more than the 1955 credit expansion. So I would say if there is something on the economic horizon that it is worth watching closely in the banking community, it is in this area of consumer credit, and I will have just a remark or two to make on that before I conclude in reference to policy matters.

I do not find really a very great difference in the interest rate and the general capital market history. Both 1955 and 1959 were years during which short-term interest rates rose very sharply. I would say if anything, 1959 has been just a bit more erratic than 1955, and, of course, the level has been a bit higher. People like generally to think that they are always living in a world which is entirely different from any one which existed before, but the fact is that is not usually the case, and there is not too much dissimilarity in these two periods with respect to interest rates and bond yields.

Sees Recovery Continuing

What, then, about the outlook, having this general background and perspective in mind? I believe that in general, the character of the recovery to date—the fact that it is a pretty well balanced recovery, the fact that many of the forces that propel our economy are as yet ahead of us rather than in back of us—I would say that considering those things, one can reasonably expect that this recovery movement that we are in could be extended well ahead.

I am one of those who does not typically like to extend things very far ahead, but then again, I am not one of those who believes that I have to say that we have recession ahead when I get to the point where I just can't see any further.

I have a little psychological theory of this, and it is that people have a kind of latent apprehension that affects them. They are always kind of worried that things are going to go wrong, and as long as they can see ahead, their optimism will carry them along; but when it begins to get just a little foggy off there in the distance, it is at this point that this latent apprehension takes charge. I think this is probably what is in the minds of those who have been saying that maybe sometime, possibly 1961, some kind of economic readjustment, to use the polite term, might be ahead.

I confess that I cannot accept that kind of diagnosis. All I can say is that as far ahead as I can see clearly, it seems to me we ought to do very well.

Discounts Steel Strike's Impact

It is not easy to talk about the economic outlook without reference to happenings in the great steel industry. I am going to restrict myself to an observation about the past.

I have looked at the historical record pretty closely, and particularly with reference to this particular point. So far as I can see, the historical record tells us that a strike in a major industry has not altered the course of the economy. I do not know of any case in the recorded cycle of history in which you could say that the course of the economy was reversed. There has been an interruption, an impact, but broadly speaking, once that interruption has ceased the economy moves along pretty much along the line which had already been charted earlier.

Let me say that this is an historical observation, and you really cannot say much more for it than that, but that has been the record to date. Provided, as we all hope for, that we get a resolution of the steel strike problem without great further delay, I would think that the general historical record should be maintained or kept intact.

Things to Watch For

If you look ahead into the future and ask what are the things that perhaps we have to watch out for to keep our economy on as even a keel as can be possibly achieved, I would say there are two things we particularly have to watch for. One of them involves all of us, and one of them is something that has particular relevance, I think, to the banking or, I would rather put it, to the financial community.

The first of these is the pressure of costs on profit margins and prices. We are entering into a period when, if we do not watch our P's and Q's, we can go through another experience in which rising costs tend to put pressure on profit margins and the inability of demand in the community to stand for that being passed on in higher prices will mean a squeeze. Such a squeeze means a reduction in the funds available for investment by business enterprise—the private enterprise system—and by so doing we run the risk of suppressing investment and turning ourselves at least to a lower rate of growth than we could otherwise attain.

This is what happened in 1955-1957. If that is not what happened, then I have made a big mistake, not a little one, but a big one.

There are only two ways, it seems to me, by which we can avoid this. One is by keeping increases in costs, and notably labor costs, in line with our productivity improvements, by avoiding, in a sense, overreaching ourselves. This is something of a characteristic of our nation and is evident if we can be just a little introspective and candid and frank with ourselves.

I have a feeling if we do not try to eat this gallon of ice cream all at one sitting all by ourselves, we will do very well.

The second thing has to do with the financial community. I have a feeling, myself, that we got into a bit of trouble in the middle 1950's because of a too rapid expansion of purchases in certain consumer durable lines. There was a little tendency to do, not just one year's business in one year, but two years' or maybe three years' business in one year.

I shan't be in my present position forever. You can depend on that. But I can tell you one thing that I have learned from my short experience, namely, that it is an awful lot better to take the thing a year at a time. And I, for one, hope that we do not get involved this year or next year in a great splurge of consumer expenditure propelled by credit expansion.

Let's Not Go Overboard

Now I suppose that this remark will increase the amount of literature that I get explaining to me the merits of consumer instalment purchasing, and let me say publicly that I think I understand those merits pretty well. All I am saying is, let's not go overboard, and I think we will all be better off if we take it easy in this area.

Just one final word. We will do better in everything if we manage to hold costs and prices in line. This, I am sure, is the key, We not only have to hold them in line, but we have to hold them in line long enough so that people will get the idea that they do live in a world in which they can have confidence in the stability of costs and prices, and not be constantly in fear of an increase. It is that psychological difference that is the important thing.

To a certain extent, you can do this by policy. Public policy is important, and so, also, is private policy, the policies that are determined by private individuals and private groups in our society. I have on other occasions spelled out fairly systematically what I regard as the difference between right and wrong in this respect.

But I feel sure that while policy-making is important in our kind of a world, the important thing is that you have public support. If you do not have public support for the right way, you will not succeed. So I want to give every possible encouragement that I can

to the effort by the American Bankers Association in its Committee on Economic Growth Without Inflation. It is in my judgment the big thing and, from my point of view, the most important thing that the Association has embarked upon.

*An address by Dr. Saulnier, before the National Bank Division, American Bankers Association, Miami Beach, Fla., Oct. 26, 1959.

Sound and Stable Money Is Essential

Continued from page 18

world of automation—with electronics and other fascinating scientific developments — a report would not be complete if mention were not made of the progress being shown toward making banks more efficient service institutions. The application of modern machine methods to the growing volume of financial transactions handled by banks is, to my mind, one of the most far reaching aspects of the banking scene. It carries broad implications for the future of the banking structure, the relations between banks and other financial institutions, the level and nature of bank earnings, and the scope of banking services.

Finally, let us discuss people. Banking service is provided by people, and it is used by people. Whenever the human equation weighs so heavily, the importance of education cannot be overlooked. The American Bankers Association is essentially an educational organization. It educates bank personnel; it educates the banking public; in a sense, it educates legislators; it educates those who have responsibilities toward banks; and it even educates educators.

Educational Progress

The past year has witnessed fine progress on our many-faceted educational front. To mention just one, The Council on Banking Education—one of the newer stars in the firmament of Association activity — during the year made important strides in its mission of cementing closer ties between banking and the educational world. It has just announced the start of a broad analysis of all educational facilities of the banking field. Since our needs for capable personnel, effectively trained, are so vital to the future effectiveness of the banking business, the Council's work in this area should be put down as a highlight of the year.

So, as Father Time racks up his scythe on the Association year, it is evident that many banking fields have been mowed. Some of them—carefully seeded and vigorously cultivated—have produced bumper crops while others have been less productive.

As we look to the future, all of us must accept the challenge to make this Association an increasingly effective force for the good of banking and the public served by banking. Never before has the challenge been so great in so many respects. Never before has banking's vision had to be so broad in perspective. Never before has banking's purpose had to be made so clear. Never before has agreement been so essential on the really important things shaping the destiny of the private banking system.

I am confident that the future leadership of this Association will understand and accept this challenge, and that over the years to come three will be an enrichment of the traditions it has enjoyed as one of our nation's oldest and greatest trade organizations.

*An address by Mr. Miller before the American Bankers Association Convention, Miami Beach, Fla., Oct. 27, 1959.

Group Offers Tenn. Gas, Pfd.

Stone & Webster Securities Corp. and White, Weld & Co. jointly headed an underwriting group which publicly offered on Nov. 10 a new issue of 295,178 shares of Tennessee Gas Transmission Co. 5% $100 par cumulative convertible second preferred stock at par.

The new preferred is convertible into 2.67 common shares through Nov. 1, 1964, 2.5 thereafter through Nov. 1, 1969 and 2.35 shares thereafter through Nov. 1, 1974. The initial redemption price is $105 a share.

Proceeds from the sale will be used to retire outstanding short term notes issued to finance expansion.

The company's natural gas transmission system extends from Texas and Louisiana into the northeastern United States.

An expansion program, which will increase the daily delivery capacity from approximately 1,980,000 MCF to around 2,617,000 MCF daily, at a cost of $66,500,000, is underway.

Consolidated operating revenues in the year ended Aug. 31, were $424,451,000 and net income $46,268,000. For the 1958 calendar year operating revenues were $402,784,000 and net income $46,424,000.

Lefferdink Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Joseph G. Thurston has become connected with Lefferdink & Co., 150 Sansome Street. He was formerly with Harris, Upham & Co. and York & Co.

Joins A. G. Becker Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Thomas E. Kuhnen has joined the staff of A. G. Becker & Co., Incorporated, 120 South La Salle Street, members of the New York and Midwest Stock Exchanges. Mr. Kuhnen was formerly with Bacon, Whipple & Co.

With Bosworth, Sullivan

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Walter H. Eucker, Jr. is now associated with Bosworth, Sullivan & Company, Inc., 660 17th Street, members of the New York Stock Exchange. Mr. Eucker was formerly with Blyth & Co., Inc. in Chicago and prior thereto with Dean Witter & Co.

J. K. Mullen Adds

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Wiley W. White has become associated with J. K. Mullen Investment Co., 621 Seventeenth Street. Mr. White was formerly with Carroll & Co. In the past he conducted his own investment business in Denver.

Long Range Outlook for Savings and Credit Demand

By Dr. Paul McCracken, Professor of Business Conditions, School of Business Administration, University of Michigan, Ann Arbor, Mich.*

Former member of the Council of Economic Advisers closely scrutinizes the future pace of and the demand for savings. Dr. McCracken avers there is no reason to expect the surprisingly little change experienced in the ratio of savings to income to deviate adversely; discerns five developments pressuring an increasingly larger future demand for funds; and sees an even busier savings and thrift business in the future. Bankers are told: (1) their deposits may expand by about $100 billion in the next decade; (2) to be prepared for increasingly marked, competitive changes in the pattern of savings being paced by credit and savings institutions; and (3) of the problems threatening our economic program.

Early in 1960 ours will become a $500-billion economy as measured by the annual output of goods and services. It is not probable that a national holiday will be declared when this half-trillion level is reached, although it might well become another one of those paid holidays that widen the gap between hours paid for and hours actually worked. While we may not

Dr. P. W. McCracken

celebrate this event, it is an important one. For it will mean that in the six decades since the turn of the century we will have brought our Gross National Product from an annual rate of $19 billion in 1900 to $500 billion in early 1960. Since the price level roughly quadrupled during this period, there was about a seven-fold increase in the real output of goods and services during this span of 60 years—an increase at the average rate of 3.3% per year. The evidence is quite clear that this good record had prevailed for at least as long as before the turn of the century. This long-sustained performance of the American economy of doubling per capita output and consumption every 40 years led one distinguished scholar to say recently before the Joint Economic Committee of the Congress that we would not find another country in which the average rate of growth had remained this high for so sustained a period.

We also know that saving and the accumulation of the machinery, equipment, and other productive capital which saving has made possible have played a key role in this remarkably long-sustained economic advance. Therefore, it is particularly appropriate that we inquire into the prospect for saving, because one thing is quite clear. If we look back over history, and around the world at the present time, it is evident that a doubling of levels of living every generation is a very unusual thing. It has been experienced by only a very small proportion of the world's population. Because we want it to continue, and because the further capital formation essential to further economic advance requires national saving, we are led to the question: What is the long range prospect for saving?

I

Rate and Pattern of Savings

An examination of our experience suggests that the saving habits of a nation are apparently very stubborn things. From 1897 to 1929, the aggregate national saving in this country averaged about 14% of our national income if we include, as I think we should, the increase each year in our stock of durable consumer goods. In the next two decades, the economy was subject to disturbances of the most profound significance and magnitude. There was the Great Depression. There was a marked shift toward, in the technical sense, a more equal distribution of income. It was the period of the development of sharply more progressive income taxes. Corporate profits taxes increased from a negligible share to half of corporate income. There was the war, and then the postwar inflation. Through social security, private programs, and other organized arrangements we have endeavored to provide more economic security for people when they reach retirement or become ill or disabled. During these two decades, the whole concept of thrift and saving as good and desirable things fell somewhat from grace. Indeed, one objective of many social programs was to create a high consumption (and, therefore, a low-saving) economy.

How much displacement in our savings patterns did these developments effect? In the aggregate, surprisingly little.

According to one study, we were saving about the same proportion of our income in the years immediately following World War II as in the first three decades of this century. Clearly, saving does not seem to be on the verge of joining dinosaurs or buggy whips as relics of eras long since past. During these six decades, there have, of course, been substantial changes in the pattern of savings. Pension and retirement funds, savings and loan associations, and insurance companies have increased their share of total savings; and savings through stocks and bonds and through bank deposits have declined in relative importance. But as a nation we seem stubbornly to have insisted on saving a surprisingly stable proportion of our national income over the decades. I see no evidence that would suggest any marked displacement in these patterns in the years that are ahead of us. In fact, if there continues to be a brisk demand for funds, and if we recognize the elementary proposition that rapid economic growth may well require an enlarged flow of saving, those in the saving and thrift business may well find themselves becoming even busier in the future.

II

Factors Shaping the Demand for Savings

What about the demand for funds? There are five probable developments in our economy indicating that there will be plenty of borrowers in the years ahead. First, we are moving into a period when the number of people each year maturing into the labor force will rise very rapidly. According to current projections of the Census Bureau, the labor force can be expected to increase by 13 million in the decade ahead, compared with about 8 million for the period from 1950 to 1960. Now a lot of superficial stuff has been written and spoken about the great economic surge forward that is just automatically going to occur when the onrushing tide of youngsters start to become adults. It is far from that simple. There are some real problems posed by this onrush. We must find about 50% more new jobs each year if they are to be absorbed into productive employment. Moreover, people of my generation have yet squarely to face the fact that when we decided to have more children, we were committing an enlarged proportion of our future incomes to education at all levels. The economics of those extra babies, in short, involved more than the obstetricians' bills.

The accelerated numbers of those maturing into the labor force, however, will enlarge the demand for credit in two ways. First, it will require an acceleration in the pace of capital formation if we are to provide the additional machinery and equipment that will make these new workers as productive as those already in the labor force. While such figures are of only limited usefulness, we do know that the average amount of capital per worker currently is about $15,000. If the labor force grows more rapidly, as is likely, we must add to our stock of caiptal more rapidly. The magnitudes are of substantial proportions. Just above, I mentioned that we can expect something like a half-million more entrants into the labor force each year than during the last decade. If we are to maintain unimpaired the rate of growth in capital per worker (and this should be our goal unless we are willing to settle for a slower rate of improvement in output per person) we must sharply expect to step up our rate of net capital formation by something like $8 billion per year. Second, it is also true that people in their early family years, where the members of this onrushing tide will soon be, are active users of credit. They are forming their own consumer capital — a house, furniture, an automobile. This stage of the life cycle inherently involves considerable borrowing. According to Federal Reserve data, early this year, 80% of all families where the head of the house was in the 25-to-34 age bracket had personal debt (not including mortgage debt) — compared with a national average of only 60%.

A second feature of the modern economy that will continue to make for an active credit demand is the pressure of rising wage rates on production costs. That there is more to this problem than a tendency for wage rates, like any other price, to rise in any inflationary period, is by now obvious. Even during the period from mid-1957 to mid-1958, which encompassed the recession, hourly earnings, adjusted to eliminate the effects of interindustry shifts and reduced overtime, increased 4.6%. This is double the average historical increase in output per man-hour. Obviously, this could not be attributed to an excess of demand over productive capacity since it was a recession period. While it is to be hoped that we are making some progress in restraining the persistent upward drift in labor costs per unit of output, the problem is not yet solved. Businesses will be under continuing pressure to moderate the rise in their costs through, among other ways, the acquisition of new and more efficient production facilities. The financing of these outlays will require borrowing. Let me say parenthetically that it is good for the economy to have rising wages rates forcing businesses aggressively to search for ways to become more efficient and to economize on labor, provided that the end result is a reasonably steady level of unit production costs. Our problem recently has been an imbalance of power at the bargaining table, with the result that rates have risen more rapidly than efficiency could be improved. Persistent increases in labor costs per unit of output and in prices have been the result.

Third, the spread of organized procedures in businesses for planning and scheduling their capital outlays augurs well for a heavy demand for saving. Until quite recently, decisions about purchases of machinery or the construction of new facilities were often made on the basis of astonishingly primitive considerations. Not what is the long-run outlook for sales—but how are sales right now? Not what is a reasonable rate of return to expect from an outlay—but how quickly will we get our money back? Fortunately even in these matters, businesses are beginning to exhibit an awareness that the twentieth century has arrived. The years ahead can be expected to see extensive use of better and more systematic budgeting of capital outlays on the part of the business community generally. One important implication of this is that a lot fewer profitable opportunities for investing some money to reduce costs or to expand capacity will be overlooked than has been true in past years. Once again this means a demand for savings.

Fourth, consumers will continue to represent a strong demand for credit. One reason is, quite simply, their rising incomes. There continues to be an image of consumer credit as something confined largely to "poor folks." Actually, the facts show that the use of consumer credit is more nearly a middle-income phenomenon. For example, early this year more families with incomes in the range of $6,000 to $7,500 had personal debt (apart from mortgage debt) than any other income group. By contrast, only about two-fifths of families with very low incomes had such debts. As productivity improves and real incomes rise further, a growing proportion of the population will move within the income range where the incidence of use of consumer credit is high. Moreover, a growing proportion of consumers' incomes after taxes continues to be spent on durable goods. In 1929, consumers spent 11.2 cents of each income dollar on durables. This year the figure will be over 13 cents. Consumers are, of course, in this way buying in one lump the services that formerly were purchased in small driblets over a period of time. Instead of two street-cars fares each day, the worker now buys a car. Refrigerators and freezers reduce the number of trips to the grocery store, improve diets, and lower food costs. Ours is an economy of extensive consumer investment in what must be called capital goods. But this requires resort to the use of credit just as businesses use credit in their expenditures for capital goods. Another factor encouraging and enabling an enlarged use of credit is the greater stability in personal incomes. While the business cycle is still with us, it is not quite the terrifying beast it used to be. In his Economic Report last January, the President, commenting on the brevity of the 1957-1958 recession, pointed out that from 1957-1958 earned personal income declined only 36 cents per dollar decline in private output, compared with 67 cents from 1929 to 1930. This greater stability of income reduces one element of risk in lending to consumers.

Many will not regard evidence of further growth in consumer borrowing as good news. There is a fairly prevalent image of consumer borrowing as something omnivorously gulping down huge amounts of our scarce savings, thereby starving out other borrowers and at the same time destabilizing the whole economy. The facts do not lend much support to this. Even in the extreme year of 1955, the expansion of consumer credit accounted for only 10.6% of the year's total increase in net public and private debt.

Fifth, the demand for savings and credit will be enhanced by continued innovation in the lending business. New ways of lending will be found, and new uses of credit will be uncovered. Bankers will have many reservations about some of these new developments. Some of them will be no good. Others will withstand the test of time. One thing is certain. The savings business will not stand still. Just as many loans now on the books of banks would once have been regarded as thoroughly unsound, so also many credit innovations in the future that initially will look quite unsound will subsequently come to be accepted as quite orthodox. The problem will be to avoid opposing new things just because they are new, or assuming that their being new automatically makes them all right.

III

Sees Four Problems Arising

What has been said up to this point might create the impression that I think all problems in this industry are going to be solved effortlessly, and that all we need do is to relax and be carried forward by the powerful currents of economic change and progress. That is not my view. There are some problems with which we must come to grips if we are to have the smooth channeling of savings into productive use that is essential for economic progress. Four immediately come to mind:

(1) Recent events make it clear that a strong Federal budget is an essential condition for the smooth functioning of capital markets. This year constitutes a good illustration. Cash receipts of the Federal Government in the first half of this year did not quite equal payments, whereas in the comparable period last year, receipts exceeded outlays by $5.4 billion. This turnabout from a large surplus to a slight deficit was a major disequilibrating force in the economy this year. Incidentally, virtually the entire difference in the two years is to be found in the fact that expenditures were $5.5 billion higher in the first six months of 1959 than in the first half of 1958. One lesson is clear: the budgetary means used to combat a recession must not, as is true of measures to step up spending, leave an overhang into the subsequent prosperity that jeopardizes the resumption of orderly economic expansion. There is much evidence that the President's strong budget stand is in-

creasingly being supported by the public generally.

(2) We must strengthen the basis for confidence in the long-run purchasing power of the dollar. I do not subscribe to the view that unlimited inflation will quickly result if the price level moves higher. I know of no responsible person who does take this position. But a healthy flow of savings and their orderly movement into productive use are not going to be promoted by raising further doubts about the long-run value of saving. There is some evidence that the hitherto strong confidence in our price level for the long pull, whatever the feeling of people about the short-run, has weakened. Such uneasiness forces unnecessarily high interest rates for those who must borrow by issuing fixed obligations, distorts equity prices, jeopardizes our trade position with the rest of the world, and aggravates tendencies toward cyclical instability. We must strengthen the resistance of the economy to inflation in order to lay the basis for achieving more rapid and orderly economic progress.

(3) Those of us in the financial community must recognize that an expanding economy will mean continuing expansion of debts. This has a distasteful sound to some of us. An overly rapid expansion of debt is a cause for concern. But it is no contribution to clear thinking to view with solemnity, if not alarm, the fact of a continuing expansion of debt. A vigorous and expanding economy will generate a large flow of saving. Most of this will be channeled through banks, savings and loan associations, insurance companies, and other thrift institutions. These institutions must and should invest most of these funds in assets that are the debt of others. For example, if our economy is to grow at a normal rate, bank deposits can be expected to expand by close to $100 billion during the next decade. What assets will account for this expansion in deposits? There are two possibilities—an expansion of loans, and an expansion of investments. Both are the debts of others. Debt is here to stay. It will continue to grow. The challenge is to keep this financing of a growing economy on an orderly and steady and solid basis.

(4) My final point is a bit philosophical. The long-run outlook for saving is inevitably intertwined with the long-run outlook for the whole economy. How vigorously our economy performs will depend heavily on the flow of new ideas leading to improved services and products and more efficient methods of production. It follows that to have these we must have people who can and will do this original thinking—those restless people who dream up new products and new things, and generally think in wholly new directions. These people are often annoying and always upsetting. They endanger "solid," "proven," "sound" ways of doing things. In the process, they provide the dynamics of economic progress. We need to examine trends in our basic national philosophy to see whether we are sufficiently encouraging that self-reliance and daring that foster the spirit of independent thinking, enterprise, and innovation. There are some disturbing aspects of the current national scene. Many at the intermediate and lower levels of corporate management (including banks) complain that the channels for communicating new ideas to top management are severely clogged—and that top management is often not innovation-minded. Pressures not to step outside the ambit of bank or company policy are strong. Business schools, it is sometimes asserted, are training corporation bureaucrats, not innovators and entrepreneurs. Many developments in our society encourage a passivity, conformity, and dependence on the bank or the corporation or the government rather than the spirit of aggressive self-reliance and independence that produces creators in society. I am not unaware that these things are hard to quantify, and that contemporary developments have been viewed with alarm since the beginning of time. But it is precisely a successful and reasonably wealthy economy such as ours that must look with particular care to the underpinnings of its further progress and advance.

IV

We come, then, to three not very startling conclusions about the long-run prospects for saving in our economy:

(1) Americans can be expected to continue allocating about the same proportion of their incomes to saving as in the past. There will continue to be new developments and new institutions used in the process of getting these funds to the users of savings. However, if, as a nation, we seriously set for ourselves the goals of more rapid economic growth, we must somehow persuade people to save more out of their incomes than they have been doing.

(2) Secular changes and developments point toward an active demand for funds in the period ahead.

(3) As a nation and as members of the financial community, we must face candidly some problems that must be resolved if saving and thrift are to play their full role in the process of an orderly and vigorously expanding free economy.

*An address by Dr. McCracken before the Savings and Mortgage Division of the American Bankers Association, Miami Beach, Fla., Oct. 26, 1959.

Two With Proctor, Cook

(Special to The Financial Chronicle)

BOSTON, Mass.—John H. Bundy and Walter J. Young have become associated with Proctor, Cook & Co., 10 Post Office Square, members of the New York and Boston Stock Exchanges. Both were formerly with du Pont, Homsey & Company.

Customers Brokers to Hold Meeting

The Association of Customers Brokers will hold an educational meeting on Nov. 10th at 4 p.m. in the Governors Room at the American Stock Exchange. Paul Mills, author of "Ten Ways to Put Sell Into Your Voice," will be guest speaker.

K. R. Lee Opens

JERSEY CITY, N. J.—Kalmun R. Lee has opened offices at 665 Newark Avenue to engage in a securities business. Mr. Lee was formerly with Rodetsky, Kleinzahler, Walker & Co., and Bruns, Nordeman & Co.

Agriculture's Importance in Our Economic Structure

By Dr. Earl L. Butz, Dean of Agriculture, Purdue University, Lafayette, Indiana*

Labeling claims of agriculture as a declining industry as erroneous, Dr. Butz shows the opposite to be the case in all important respects except farm population. Moreover, the Dean says the agriculture industry is in the middle of a far-reaching scientific-technological revolution which will be unparalleled in the decade ahead and will sweep aside those who do not keep ahead of it. The author describes the businesses working with agriculture forming a new "Agri-Business" industry; hopes present surpluses will not be used to throttle research and education; and charts a government-private enterprise relationship that lessens controls, and yet uses education and rehabilitation to assist those who can't keep up with science and technology so there will not be a human scrap pile.

Entirely too many people in this country think of agriculture as a declining industry. It is not surprising that this is true. In nearly any daily newspaper, you may read an account of some one bemoaning the decrease in numbers of farms and of farmers. You get the impression that this is a recent development, when as a matter of fact it's been going on for decades and decades. The only really recent thing is that the existence of some congressional districts is threatened by population shifts. And this is serious!

Earl L. Butz

Nothing is more erroneous than to think of agriculture as a declining industry. American agriculture is an expanding industry in every important respect except one — the number of people required to run our farms. Only in this single respect can it be said that agriculture is a "declining" industry.

Our agricultural plant uses each year more capital, more science and technology, more managerial capacity, more purchased production inputs, more specialized marketing facilities, and more research than the year before. It is obvious therefore, that those writers and analysts who refer to agriculture as a "declining" industry look only at a single phase of this growing and important American industry.

We don't think of air transportation as a declining industry just because a pilot in a jet airliner can now take 100 passengers from coast to coast in half a day, as compared with 20 passengers in a day and a half two decades ago. This, like agriculture, is a strong and growing industry.

Although a smaller share of our total population is engaged directly in farming, the agricultural industry is big, broad, and basic. Out of 68-million people employed in America, about 26-million work somewhere in agriculture. Eight million of these work on farms, 7-million produce goods and services purchased by farmers, and 11-million process and distribute farm products. Hence, almost two-fifths of all our employees are engaged in agriculturally related work. These are jobs important to every one — basic to our economy. They are jobs with futures—jobs with personal and financial rewards.

The declining trend in farm population, although viewed with alarm by some politicians and rural fundamentalists, is itself a sign of a strong agriculture. This is the age of science and technology in American agriculture. Brainpower has replaced horsepower as the essential ingredient on our farms. Total U. S. agricultural output has increased two-thirds in the last two decades, while farm workers have gone down some 3-million. This means that production per worker on our farms has doubled in the last 20 years. This is a remarkable increase in production efficiency. It can be matched by no other major sector of the American economy.

One farm worker in America now feeds and clothes himself and 25 others. Just a generation ago, in 1930, he fed and clothed himself and only nine others. A century earlier, he could feed and clothe himself and only three others.

Progress of this kind can be continued only if we have capable and well informed men on our farms. We will need fewer farmers in the future, but they must be better. They'll be operating on a fast track, and the race will go to the swift.

"Agri-Business" Is Growing

No longer can we regard agriculture as the simple production of food and fiber. We must broaden our thinking to include those businesses that supply our farmers with items used in production, as well as the processing and distributive concerns that handle the food and fiber produced on our farms. This area has commonly come to be called "Agri-Business." When this group is combined with workers on farms, the entire erea comprises nearly two-fifths of our total labor force. This figure hasn't changed much for the last decade or so. We've had a trend toward fewer workers on farms, but increasing numbers of workers in the agriculturally related business.

When the total agri-business is taken into consideration, approximately one-third of the workers are on farms, and two-thirds off. Approximately two-thirds of the capital is on farms and one-third off. Approximately one-sixth of the value added is on farms and roughly five-sixths off the farm.

The farm plant in America purchases each year approximately $17-billion worth of goods and services used in farm production. To this it adds a value of about $17-billion on farms, which means that the total farm produce leaves the farm gates at about $34-billion. Processing and distribution add another $45-billion to this, which makes a total value of output in agri-business of approximately $80-billion.

These figures point out the growing importance of agriculture as a market. Industry depends upon agriculture as a customer to a greater extent than most people realize. In contrast to a generation ago, when farmers were producing most of their own fuel, power, and fertilizer, industry is now furnishing farmers each year:

Six and one-half-million tons of finished steel—more than is used for a year's output for passenger cars.

Forty-five-million tons of chemical materials—about five times the amount they used in 1935.

Eighteen-billion gallons of crude petroleum — more than is used by any other industry.

Two hundred and eighty-five-million pounds of raw rubber—enough to make tires for six-million automobiles.

Twenty-two-billion kilowatt hours of electricity—more than enough to serve the cities of Chicago, Detroit, Baltimore, and Houston for a year.

I could go on citing other evidences of the tremendous importance of agriculture in our national life, but I think I've made the point. Whatever happens to agriculture has a direct and major impact upon industry; and industry, by the same token, has a very great interest in the welfare of agriculture.

More People—Less Land

The task ahead for American agriculture is tremendous. We must not be lulled into a false sense of security merely because the government struggles today with agriculture surpluses. These surpluses exist only partly because of current excess production capacity in agriculture; they are also partly the result of unsound goverommental price an income support programs over the last quarter-century, especially since the end of the war.

On every hand today, it seems, people are writing and talking about "more people—less land!"

Growing suburban areas, new highways, larger airports, and recreational areas encroach on our farm acreage every year. But we get a new net addition to our population every 11 seconds. This means about 7,200 new Americans to be fed and clothed every day, or almost three million each year.

A recent Census Bureau projection indicated that by 1975, just 16 years from now, the population of the United States s likely to be 243-million. Our population is now pushing the 178-million mark. Extend the census projection four more years to a time 20 years from now, and the prospect is close to 260-million people —85-million more than now.

Those 85-million added people to be fed and clothed by 1979 are more new people than this country absorbed in the entire century from 1800 to 1900.

This is just America. Similar growth is predicted for most other nations of the world. Millions of more mouths to be fed and bodies to be clothed!

Less land—more people! How can we meet this challenge?

We'll meet this challenge in the future, just as we have in the past, through the application of education and research to the whole agricultural industry. This nation is not hungry today because men have been trying for years now to grow two ears of corn where one grew before—and succeeding at it. The job ahead is to make three ears grow where two now grow—and we'll succeed at that too.

Change or Be Churned

If American agriculture is to meet this challenge in the generation ahead, it must continue to adapt to the changing times. Agriculture is now an industry in the very middle of a far reaching scientific and technological revolution which is shaking the very foundations of its traditional institutional patterns.

Agriculture is changing from a way of living to a way of making a living. It is changing from a business of arts and crafts to a business undergirded with large amounts of science and technology.

The advances we will experience in the next decade will be unparalleled in American agriculture. It will be the decade of the most far reaching change in our entire history. Those who serve the growing area of "Agri-Business," including those who finance agriculture, must keep ahead of these changes or be swept away by the tidal wave of change itself. They must "change or be churned."

The present agriculture revolution, resting on basic science and closely allied with the widespread advance of automation in both production and distribution, is threatening the traditional pattern of owner-manager-operator all wrapped up in a single person.

This is the very basis for much of today's social and political unrest in agriculture.

The adjustment through which agriculture is going has five fundamental characteristics. They will merely be listed here, with minimum comment.

(1) Capital requirements per farm and per worker have increased to the extend that it is becoming increasingly difficult for an individual, during his productive years, to accumulate a sufficient amount to finance an economically sized operating unit. This will become incrasingly true in the decades ahead. Moreover, in view of the inheritance tax structure it is becoming increasingly difficult for a parent to transfer such a unit to his son without substantial operating or financial disruption. This means, perforce, that an increasing share of total farm capital will be supplied by nonoperators.

(2) Management has become the key factor in successful farm operation. This is in sharp contrast to a generation or two ago, when the farm unit was much more self-sufficient than now, with much less capital involved, with much less science applied, and with many fewer critical managerial decisions to be made.

(3) The trend toward larger and fewer commercial farm units will continue. This trend has been pronounced during the past decade. It will accelerate in the decade ahead. All the power of government and politics can't stop it. Nor should it.

(4) The commercial farm will increasingly assume the characteristics of a manufacturing establishment, with the manager assembling "packages of technology" which have been produced by others on a custom basis. The share of total farm receipts spent for production items will increase still further, the gross margin per dollar of receipts will become narrower, and profits will depend increasingly on growing volume.

(5) The process of "rurbanization" will accelerate. Rural and urban cultures will intermingle in countless communities within commuting distance of industrial centers. A new community culture will emerge in which the farmer will tend to lose his vocational identity, just as the lawyer, the

doctor, or the machinist now loses his in his own community.

Free Men With Vision Will Do the Job Best

In recent years, a great many sectors of American agriculture and industry have fallen under governmental controls and restrictions. In the case of agriculture, these controls have followed in the wake of price supports at uneconomic levels.

When a commodity gets itself into the fix of producing for the government rather than producing for a growing market, it almost inevitably finds a ceiling placed on opportunity.

Government production and marketing controls are essentially backward looking — not forward looking. Under these circumstances, producers with above average managerial capacity and ambition are severely limited in what they can do. They suffer, consumers suffer, and all America suffers.

The future of practically all of our business, industry, and commerce is closely tied in with increased efficiency of production, processing, and distribution, through which we can reach an ever growing circle of consumers in the market place, here and abroad. Private enterprise must exercise the initiative in getting this job done.

We must strive ever to preserve a proper relationship between industry and government. We must always keep private enterprise the senior partner, and government the junior partner. It would be easy to reverse this relationship. There are many who would change it. We must be ever vigilant that industry assumes the responsibilities put upon it by our private enterprise system. Otherwise government will become the senior partner. This is inherent in the very nature of government.

We must constantly remind ourselves that the advances of science can be applied most effectively by individual managers in a free industry, unhampered by excessive governmental regulation and restriction.

We must keep before us always the concept that the fruits of our toil are produced to be consumed in useful outlets, and not diverted into purposeless storage or uneconomic uses through politically inspired governmental price and income support programs.

We must all work together to preserve an atmosphere in which freedom of choice remains one of the basic pillars of our economic system. Under such a system, individual producers and individual processors can grow and prosper as far as their ambition and their ability will take them. The right to succeed will be open to every one. Conversely, the right to fail will also be present.

In our free society, the right to succeed carries with it the right to fail. If, through legislative action of one kind or another, we remove the right to fail, we ultimately will also remove the right to succeed beyond mediocrity. Men of vision and ambition do not want that. They know their future is most secure in an environment which guarantees freedom to choose, freedom to experiment, freedom to become more efficient, freedom to seek and develop new markets, freedom to dream, and freedom to enjoy economic rewards if their dream is successful.

One of the great challenges facing all of us is to see that our economy is not dominated by government — that government helps rather than displaces private enterprise. We can do this only if we are willing to throw our influence on the side of keeping government the servant of all of us—not our master. We must keep government at our sides—not on our backs.

We Must Not Tolerate a Human Scrap Pile

On the other hand, our society cannot ignore the individual worker or the individual business that fails to make the adjustment required by advancing science and technology. These people are human beings and have families. They both desire and deserve a reasonable amount of good things of life produced by our contemporary society.

It may be true that if they were content in the same self-sufficient manner that their grandfathers did, producing much of their own food, fuel, clothing, and other necessities of life, they could get along as well as grandfather did with about the same kind of production unit granddad had. But who in 1958 is content to live without the automobile, the radio, television, elecricity, and running water in the house, some "store bought" clothes, educational opportunities for the youngsters, and even occasional travel and vacation? These are ordinary things which a society as productive as ours should be able to provide for all of our citizens. About this there can be no argument.

The question really revolves around how we are going to get the job done. One school of thought holds that we should slow down the march of science. True, this would be an equalizer. But it wouldn't be a very pleasant answer.

We must all combat the philosophy that sometimes rears its ugly head and asserts that because of current agricultural surpluses and heavy production by efficient farmers we should "declare a moratorium on research and education."

This is a false and dangerous doctrine. It was preached in 1920 when post World War I surpluses developed. Think where we would be today if that philosophy had prevailed 35 years ago. It was preached again in 1941, just before World War II, when surpluses again plagued us. Think for a moment where we would be today if we had listened to that just 18 years ago. The best way today to stop the steady march toward fulfillment of the American Dream would be to pull the rein on agricultural research and education. This we must never do. Continued emphasis on agricultural research and education is a must for a productive, prosperous, and expanding America.

Another group of people would narrow the spread of income and living levels between the efficient and the inefficient by advancing the concept of the "welfare state." Government, through one means or another, would provide a more "equitable" distribution of the product of society to all of our people. To some extent we do this now. To pursue this course of action would truly be a leveling process, and would reduce the income spread between groups of our people. However, this is essentially a process of equalizing downward. President Abraham Lincoln sized up this philosophy pretty well nearly a century ago when he said, "You can never strengthen the weak by weakening the strong."

Let's Equalize Upward Through Education

There is still another way to tackle the job at hand. It offers the most promise of all. It is the continued education and rehabilitation of those individuals and those businesses which find it difficult to keep up with the advances of science and technology. This difficulty may arise because of lack of capital, lack of managerial capacity, or for reasons entirely outside their control.

This means that the benefits of science must be channeled to this group of people, rather than withheld from them. This may mean assistance in adjustment on their own farm or in their own business. Often it will mean assistance in vocational rehabilitation for themselves and their children, where they can make a greater contribution to society and therefore make a greater income than was possible under the "unscientific" manner in which they were trying to make an income previously.

Research and education have given us such bountiful agricultural production that we are by all odds the best fed and best clothed nation on the face of the earth. Likewise, our farmers, even with all the economic problems besetting them, are far better off than farmers any place else in the world.

Science and education have helped make possible the doubling of production per worker in American agriculture during the last generation, with the resultant better life for all of our people.

The philosophy of developing the leadership potential in every individual regardless of the circumstances in which he may find himself as a young man or a young woman — or even as an adult—is a fairly unique philosophy in the world. It is the philosophy that characterizes the educational and the extension systems in the United States. Here there is no caste system based upon economic barriers, social barriers, racial barriers, or religious barriers.

The American program is to develop brainpower and leader-

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Agriculture's Importance

Continued from page 25

ship wherever it may be found. It is to apply the benefits of science to all our industry, and to help every individual, in every way possible, make beneficial adjustments to the advances of science.

So long as we continue to support generously the program of leadership development and training, in both our rural and our urban areas, our economy can only continue to expand and to provide for all of us a higher standard of living than our fathers knew, and in turn to provide a higher standard for our children, than we know.

When this is done, free American agriculture will continue to be "The Land of Opportunity."

*An address by Mr. Butz before the American Bankers Association Convention, Miami Beach, Fla., Oct. 26, 1959.

Dinner Committee Natl. Conference

Leading members of the financial world serving on the committee planning the dinner in honor of Jerome Lewine of H. Hentz & Co. are Michael W. McCarthy, President, Merrill Lynch, Pierce, Fenner & Smith Inc., and Clarence G. Michalis, Trustee, Seamen's Bank for Savings, to be held Tuesday, Nov. 24, at the Waldorf-Astoria.

Harold H. Helm, Chairman of the Board, Chemical Bank New York Trust Co., is Chairman of the event sponsored by the National Conference of Christians and Jews. Serving on the committee are:

J. M. Alkow, Malon S. Andrus, La Rue F. Applegate, R. Harold Bach, Harold L. Bache, Walter Benedick, J. Truman Bidwell, I. W. Burnham II, Benjamin T. Burton, Benjamin J. Buttenwieser, Henry Ives Cobb, Jr., John A. Coleman, Arthur O. Dietz, Thomas F. Fagan, Edmund W. Fitzgerald, Elliott D. Fox, J. George Frings, G. Keith Funston, Joseph L. Gitterman, Jr., Horace W. Goldsmith, Isaac B. Grainger, Monroe C. Gutman, Robert C. Hall, John C. Henderson, Phillip Hettleman, Robert L. Harter, Howard C. Hirsch, Leonard A. Hockstader, Ralph Hornblower, Jr., Ronald C. Ingalls, Joseph Klingenstein, Stephen A. Koshland, Thomas A. Larkin, Samuel D. Leidesdorf, Robert Lehman, Benjamin J. Levy, George Leib, John L. Loeb, V. Theodore Low, Edward T. McCormick, Otto Marx, Lloyd W. Mason, Harold C. Mayer, R. E. McNeill, Jr., Arthur J. Morris, Arthur J. Neumark, Morris Newburger, J. Wilson Newman, Harry T. Nicholas, Jr., Jansen Noyes, Walter T. O'Hara, Bayard F. Pope, Joseph C. Quinn, John J. Rust, Charles F. Samson, Morris A. Schapiro, John M. Schiff, Mason B. Starring, Jr., Milton Steinbach, Jacob C. Stone, Robert L. Stott, J. E. Swan, Homer Vilas and John Wasserman.

Chemical Bank Elects to Advisory Board

Chemical Bank New York Trust Company has elected Rodney C. Gott and Robert C. Hills members of its Grand Central Advisory Board, Chairman Harold H. Helm has announced. Mr. Gott is an Executive Vice-President and Director of American Machine & Foundry Company, and Mr. Hills is an Executive Vice-President and Director of Freeport Sulphur Company.

Two With Murch Co.

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Mrs. Lucile Rose and Thomas D. Santry have become affiliated with Murch & Co., Inc., Hanna Building.

Saunders, Stiver Adds

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Ronald J. Maurer has been added to the staff of Saunders, Stiver & Co., Terminal Tower Building.

Two With Bache

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, Ohio — Charles C. Hoskins and Richard C. Laudick have become connected with Bache & Co., 30 East Broad Street.

With Keller & Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Edward Sabol is now with Keller & Co., 31 State Street.

With Carter Harrison

(Special to THE FINANCIAL CHRONICLE)

LA CROSSE, Wis. — Robert B. Franke is now with Carter H. Harrison & Co., Hotel Stoddard.

Soviet Economic Challenge

By General James M. Gavin, Executive Vice-President, Arthur D. Little, Inc., Cambridge, Mass.*

A top research-consultant, with no little experience with our defense posture, takes Nikita Khrushchev's economic war warning seriously even though, as he points out, the present Soviet position is not as strong as they would like it to be. Gen. Gavin states "there is something particularly sinister about the way this war is proceeding. . . . Our biggest risk is that we may lose this one without ever knowing that we are fighting." He asks for Free World economic integration and coordinated scientific research, and refers to indirect but important civilian developments that have already come out of missile and space and other research programs. Lastly, he submits we cannot afford the risk of a depressed, or even recessed economy.

It's been just a month since Nikita Khrushchev left the United States, threatening, in his cheerful way, to destroy us in an economic war. I have no wish to add to the mountain of words which have already been uttered on the subject of Mr. K., except to say that it seems to me absolutely crucial that we take him seriously. There is no doubt that he means to engage us in economic and ideological combat, that unless we look sharp he may win, and that losing such an encounter would certainly spell the end of our way of life.

Lt. Gen. J. M. Gavin

Finds Economic War's Pace Sinister

There is something particularly sinister about the way this war is proceeding. Mr. Khrushchev is making it very easy for us to forget we are at war. Better by remarks like "We will bury you" and "We declare war on you (please excuse the expression) in the field of economics and production," he goes about smiling, kissing babies, handing out medals, and generally behaving like a politician on a whistle-stop tour. He is not dropping bombs or massing armies or even spreading inflammatory propaganda. The galvanizing effect of war is totally absent. Our biggest risk is that we may lose this one without ever knowing that we are fighting.

There is general agreement that the men in the Kremlin are clever and calculating. A front-page article, published in the "Wall Street Journal" during the Premier's visit, quoted the impressions on top business executives who met with him or observed him. They described Mr. Khrushchev as, "shrewd," "tough," "agile," "cocky," "a dangerous adversary." He is also ruthless, make no mistake about it. While he does not eat little children, as he himself pointed out, he has no qualms about sending their parents off to Siberia, or anywhere else, to do the bidding of the state. Slave labor, bloody purges, thought control — they have done this to their own people. It would be foolish to assume that they will be any kinder in their dealings with us.

Fortunately, the Soviet position is not as strong as they would like it to be. In his very threats, Khrushchev pays us a high compliment—if he buries America, it will not be until he has incorporated into the Russian way of life much that is American. Indeed, the very goals of Russia's economic plans are stated in terms of equaling or surpassing the United States. Despite his homely fable of the marsh bird and the land bird, he seems clearly anxious to exchange our kind of life for his own. During the past several years legions of Russians have come to America to study our methods and systems. They want to know how we grow things, how we manufacture goods, how we market products, and they take back with them not only our procedures but the results we achieve. As the Premier said, with disarming candidness, "Little by little we steal from you." Even in such decadent-capitalistic matters as fashion, they steal from us. I am told that it is the boast (or at least the hope) of upper-class Muscovites that they could not be distinguished from Americans on Fifth Avenue by their clothes.

It is not only America that is being paid the compliment of imitation. It is all of Western Europe as well. Technical missions of all kinds are constantly being exchanged between the Soviet Union and the countries of Western Europe; and trade, including the purchase of entire factories by Russia, is thriving.

Examines the Challenge

Since Soviet action belies the threat to destroy us, it might be well to examine the nature of the challenge, and to comment on our reaction to it.

It seems to me that we are engaged in two contests with the Soviets — one economic and the other ideologic. Although they are interconnected, I think they must be separated for the purposes of this discussion because they involve very different issues.

I don't really think that it is their economic challenge that frightens us. I think we are really afraid ideologically. Accustomed to thinking of Russians as backward, illiterate people, we were stunned by the fact of their tremendous technical achievements. We suffered a loss of nerve. But just as we were wrong to think they were all buffoons who drink Vodka, so we are wrong to think they are all supermen who can do anything. Our present frame of mind is probably attributable to the recent discovery that we are not perfect (nobody is more inconsolably ill than the patient who has just discovered there is something the matter with him) and to the lessened vitality that has resulted from the fact that we are materially quite comfortable.

In our depressed state, we fail to take account of our very real assets—notably, that most of the world finds something very appealing about the American way of life. Wherever you find a high standard of living and a growing economy, you find the adoption of "American ways," from super markets to rock 'n' roll. More important, you find a respect for the beliefs we hold sacred.

Clearly, we must be well informed about economic and political happenings all over the world. It is no longer enough to know the names of the capitals of Western Europe. Many investors have learned to their sorrow that they should have been more interested in signs of political unrest in the Middle East or Central America. But that kind of knowledge isn't all. We have to know what will happen to the economies of our various allies if we raise or lower, the interest rate; if we allow our economy to suffer inflation or recession, or if we take certain steps to prevent it; if we alter our tariff policy, or leave it alone. These are areas we have always considered domestic economics, or at least areas in which domestic concerns were overriding. We are having to learn that there no longer is such a thing as a purely domestic matter. Another, and perhaps more accurate way to say this, is that we must learn that the domestic circle has grown.

Economic Integration

From this follows the matter of economic unity. It seems to me that we must recognize that economic integration is both necessary and inevitable. We have long since learned this lesson in the military field. It would be folly, indeed, to go to war with an army composed of national segments, each operating in what it considered to be its own best interests. It is no less folly, while engaged in an economic and ideological, war to squabble among ourselves and to fail to have a unified policy when dealing with the enemy.

An important start has been made in the direction of economic integration in the European Common Market. Despite centuries of traditional enmity, at least among some of the members, France, Italy, Germany, and the Benelux nations have reached the unavoidable conclusion that their survival lies in economic unity. Similar moves are under way among the so-called "Outer Seven" — Austria, Britain, Denmark, Norway, Portugal, Sweden, and Switzerland—and among the five republics of Central America. These cooperative ventures grow out of a realization of the waste which results from quota and tariff restrictions, and from raising obstacles to the movement of capital, raw materials, and labor across national boundaries. This waste, creating artificial shortages and unnecessary duplication of effort, can spell the difference between success and failure. We can be sure that the Soviet bloc will not dissipate its strength by treating each other the same way they treat us.

Further, splintering our economic efforts has the effect of undermining policy decisions. If, for example, it is to the detriment of the United States to trade with Red China, it should not be possible for Red China to get what she wants from the West through England or France. The result of the several dozen nations in the non-Communist world each making policy individually is that the West has no policy at all. To be sure, unification and integration

have their price in loss of freedom of action, but restriction and compromise are always the price of war. It is important to remember that we are at war.

Scientific Research

Perhaps the area in which it is most important that we coordinate our joint efforts is that of scientific research. That is the third thing I think we must do—realize, and act as though we realize, that we are living in a period of exploding technology. This is the decisive factor in this war. Victory will surely go to the side with the best, and most concerted, research effort — research in both pure and applied fields. We cannot afford the enormous waste of brainpower and facilities which results from nationalistically inspired individual research. Our enemy is not so wasting its resources. Almost, daily, we read of technologic and scientific advances in the underdeveloped countries of the Soviet bloc-dams, power plants, irrigation facilities—all achieved with the acknowledged aid of Russian technologists. It seems rather self-defeating for us to insist that our allies figure out the mysteries of the atom and the missile by themselves. Creativity knows no national boundaries. We may even find we have something to learn from them.

Nor is it merely a matter of the score card of discovery and invention. We have just entered the space age: and if we are to survive as leaders in it, we must bring our allies with us.

Forty years ago, when the airplane first became an important instrument, all of its immediate applications were military. Few people saw that it was to usher in a new way of life and become a decisive force in international relations. But only those nations which became air-age nations prospered — those who failed to seize the promise of the flying machine became dying, third-rate powers. I have no doubt that many millions of Americans have never set foot in an airplane; it is hard to imagine any American whose life has not been profoundly affected by the existence of airplanes.

The same will be true of missiles. We are already beginning to feel the full impact of missile and space research and development. If we, continue to exploit the civilian by-products of military research, the 60s will indeed be a golden decade, with a level of economic well-being and good health which we should have thought impossible 10 years ago.

Resultant Civilian Developments

Let's look, for a minute, at the civilian developments that have already come out of missile and space research. First, there is the high-speed computer. Developed initially to meet military demands for faster calculation, the computer is an integral part of American industry, making it possible to do many operations with a high degree of efficiency and accuracy. Thermoelectric devices for heating and cooling, now adapted for commercial applications, were originally designed to provide energy sources for space vehicles. The glass industry, as a result of work done during and after the Second World War on lenses and plastics, promises substantial gains in the consumer fields of optics and foods. Pyroceram, developed by Corning Glass for missile radomes, is now being used in the manufacture of pots and pans. Materials suitable for use in the nuclear preservation of food may make us even better fed than we already are.

Medical research, and our health problems, can use such things as film resistance thermometers. Electric equipment capable of measuring low-level electrical signals is being adapted to measure body temperature and blood flow. In a dramatic break-through, illustrating the unexpected benefits of research, it has been found that a derivative of hydrazine, developed as a liquid missile propellant, is useful in treating certain mental illnesses and tuberculosis.

Of course, the aeronautics industry has benefited tremendously. Engnes, automatic pilots, radar systems, flight equipment, capable of meeting the high standards required by space vehicles represent a great improvement over our already excellent aircraft. Improvements in weather forecasting and storm detection, as well as better communications systems have aeronautical as well as other applications.

The list of developments is long, and the catalogue of prospective developments even longer. I have cited a few examples because I believe that our greatest future strength lies in this area. It is by remaining in the vanguard of civilian leadership that we shall maintain our position.

Our Standard of Living

I do not suggest that we stop all military development production and research and concentrate all of our efforts in raising our standard of living. It would be very nice, indeed, if that were possible; but it seems overly idealistic at present. But I think our advantage lies in the fact that however great our concern with defense, we are not militarily strong at the expense of nonmilitary development. The Soviet Union is. Her preoccupation with war production has curtailed and shall probably hamper her pursuit of the better things in life. The Soviet Union, because it is a totalitarian system, is able to do this. They can get labor at any wage, or no wage. They can divert as much of their national wealth as they like into non-civilian production. If their population gets restive as a result, they can seal up the Iron Curtain again and tell their people that life in Russia is really better than life anywhere else.

Of course, the price they pay for this sort of thing, in the arena of international prestige, is enormous. Nobody goes to Russia to learn how to raise his standard of living, but free underdeveloped nations constantly seek training and ideas in the West. Russia can offer them money and technology—we can counter with creative ideas and dramatic proof that ours is a better, a healthier, a more comfortable way of life.

It is this lead that we must be careful to maintain. We cannot afford the risk of a depressed, or even recessed economy. We cannot afford it for many reasons; but the most important is that we must have the energy to grow, to develop, and to apply the new and powerful discoveries we are making daily to the betterment of our living standards.

The stakes for which we are playing are very high. If we win, we will have a better life than any of us have ever known, and we will be able to bring a better life to most of the rest of the world. If we lose, our grandchildren will be socialists, as Mr. Khrushchev has promised. We cannot draw. I assure you, it will not be easy. Growth, at the rate at which we must grow, will take not only hard work but vision and courage in the appropriation of our resources. Bankers will have no small part in that growth, and they will be called upon to consider loans and investments which no good solid financier would have entertained for a minute a decade ago. But just as standards are changing in such areas as the distribution of labor, raw materials, goods, in the curricula of schools, and in the appropriation of taxes, so are they changing in their field, banking.

They must change, or, more accurately, grow with America. It may be easy, for a while, to believe that the *status quo* can be maintained. It cannot. We are engaged in a struggle for our very survival, and part of what we must struggle against is our tendency to let things stay the way they are, or drift where they will. If we sit back and watch the world go by, it will do just that; and we will be left to catch up, or wither. It has never been part of our heritage to meet a challenge sitting down. We must realize the extent and degree of the challenge we face now, and we must get up and meet it.

*An address by Gen. Gavin before the 2nd Annual Session of the 85th Annual Convention of the American Bankers Association, Miami Beach, Fla., Oct. 28, 1959.

Joins Fusz-Schmelzle

(Special to The Financial Chronicle)

ST. LOUIS, Mo. — Charles F. Kreutzer and George B. Schwarz have joined the staff of Fusz-Schmelzle & Co., Inc., Boatmen's Bank Building, members of the New York and Midwest Stock Exchanges.

Musson Mun. Mgr. Newburger, Loeb

Newburger, Loeb & Co., members of the New York Stock Exchange and other Exchanges, announce the appointment of James F. Musson, as Manager of its Municipal Bond Department at 15 Broad Street, New York.

James F. Musson

Mr. Musson started his career in 1930 in the Municipal Bond Department of Lehman Brothers. From 1938 until 1956 he was with B. J. Van Ingen & Co., Inc., and since that time with Byrne & Phelps, Inc., and more recently with Phelps, Fenn & Co.

He has been former Chairman of the National Municipal Committee of the National Security Traders Association and is a member of the New Jersey Bankers Association, Municipal Bond Club of New York, and Traders Association of New York. He was recently President of the Bond Club of New Jersey and is now a Governor of that organization.

Joins Blair & Co.

(Special to The Financial Chronicle)

COLUMBUS, Ohio — Anne Richardson has joined the staff of Blair & Co., Incorporated, 325 South Dawson Avenue.

Union Security Adds

(Special to The Financial Chronicle)

CHICAGO, Ill. — John E. Miller has been added to the staff of Union Security Co., 29 South La Salle Street.

With R. J. Colbert

(Special to The Financial Chronicle)

LEXINGTON, Ky. — Harry W. Cooke is now affiliated with R. J. Colbert & Co., Bank of Commerce Building. He was formerly with Babbage & Kessinger.

American Bankers Assn. Holds 85th Convention

Continued from page 1

of Commercial Banking." Mr. Wooten is Chairman of the ABA National Bank Division's Commission for the Observance of the 100th Anniversary of the National Banking System. Dr. Elvis J. Stahr, Jr., President, West Virginia University, Morgantown, addressed the convention on "America Soundest Investment." Dr. Earl L. Butz, Dean of the School of Agriculture, Purdue University, Lafayette, Ind., spoke on "Free Agriculture — Land of Opportunity." Dr. Butz was formerly Assistant Secretary of Agriculture.

Newly Elected President's Remarks of Acceptance

Upon his inauguration as President of the American Bankers Association at the Second General Session of the Association's 85th Annual Convention, Mr. Remington stated:

You have elected me as the 74th President of the American Bankers Association, which was organized in 1875. My wife Margaret and I deeply appreciate this high honor. I pledge to you my best efforts in your behalf in the planning and execution of a constructive program for banking in the year which lies ahead.

Lee Miller has presented to you in able fashion some of the accomplishments of our Association in the past year. He has sounded a call for bankers and businessmen who hold responsible positions to support vigorously the cause of sound money.

Target for the Coming Year

We as an Association and individually must sight some targets for the coming year and the years which follow.

(1) *We must foster a sound economic environment.* We must preserve cur strength and help our country to achieve growth without inflation. The program of the American Bankers Association announced last month deserves cur complete support since the position bankers take in fighting inflation and adhering to sound policies will serve as an example for many others.

(2) *We need to improve the competitive environment for banking.* We do not seek to destroy those who compete with us. They hold an important place in our economy. But we must safeguard the strength of the banking system by working toward the removal of arbitrary and unfair deterrents to banking progress. We must encourage and work for the passage of banking laws which recognize the needs of today.

(3) *We must serve the public better.* This can be accomplished through education of bank personnel and research. It is always possible to discover and develop new and more efficient ways to serve the public. New services can be introduced; policies can be revised and improved; better techniques and yardsticks can be developed. We must avoid the philosophy that present procedures need not be changed when initiative and ingenuity can show some better way to serve bank customers.

(4) *We as an Association through our staff officers and members must tell the story of banking.* The public should have a better understanding of the role of banking. We need to promote improved public acceptance of banks and their importance to the community. We all can help by exerting a judicious influence in the legislative process when important national and local issues arise.

The American Bankers Association—through its Stonier Graduate School, its Trust Division, and more recently its staff and more active members—has afforded me an unforgettable and worthwhile experience. I am looking ahead to the coming year with much anticipation. I gladly accept the challenge which properly goes with the office which you have bestowed upon me. May this year be an excellent one for the American Bankers Association and the banks of this country.

Tax Dispute Issue

One of the most controversial issues at last year's convention was the move led by Arthur T. Roth, President of the Franklin National Bank, Franklin Square, N. Y., to oust mutual savings banks from the Association. The principal argument revolved around the charge of discriminatory tax treatment said to favor mutual savings banks at the expense of commercial banks. The ouster move was defeated by a vote of 1,445 "for" and 1,520 "no" which fell short of the 66⅔% needed to amend the constitution.

The failure of the ouster move was followed by the appointment of a committee of both types of banking to seek an acceptable compromise. Efforts in this direction during the course of the Association's post-84th Convention year proved to be unsuccessful. As a result, this year's 85th Convention endorsed its version of measures to amend the Internal Revenue Code, in conjunction with the Bankers Committee for Tax Equality, the Independent Bankers Association, and the Roth Committee.

The latest figures (Oct. 25) on the membership of mutual savings banks show:

Renewed Membership:
215 head offices
85 branches
5 secretaries

305 total

Resigned:
151 head offices
70 branches
1 secretary

222 total

Not Yet Heard From:
107 head offices
34 branches
1 secretary

142 total

Under ABA rules, delinquent members are not formally dropped from the membership roll until Dec. 1.

RESOLUTIONS ADOPTED

Following is the text of the resolutions adopted at the Convention:

Economic Growth Without Inflation

Economic growth is vital if we are to maintain our position of leadership and contribute to the strength of the Free World. It is also essential to the continued improvement of cur standard of living.

One of the nation's most critical problems is to understand that policies which encourage or permit depreciation of the dollar will interfere with sustained economic growth and progress. Avoidance of inflation, therefore, should be one of the primary objectives of public economic policies.

Much of the price inflation in this country was generated by the fiscal deficits associated with World War II and the Korean War. In recent years other more complex inflationary forces have developed in our economy. While the strength of these forces may increase at times and lessen at other times, we must be prepared to meet the recurring threat of inflation for many years to come.

We recognize that as bankers and as citizens, we have a particular responsibility to contribute to the achievement of the nation's objective of economic growth by cultivating an understanding that inflation makes vigorous and sustained growth impossible. We shall actively assist bank officers, directors and employees to increase their own knowledge of the basic issues involved in order that they will assume more responsibility for helping to achieve a broader public understanding of these issues. Effective monetary, fiscal and debt management policies cannot be accomplished without such broad public understanding and support.

Federal Fiscal Policy

The strength of our nation's fiscal position requires Federal tax and expenditure policies that will result in a significant Treasury surplus and reduction of the public debt during periods of high level business activity. It is essential to offset in good times deficits caused by the decline of revenues and redirection of expenditure programs in times of business recession, lest a rising national debt inevitably dissipate our nation's fiscal strength and weaken the value of the dollar.

Treasury Debt Management

The Congress, by not removing the 4¼% interest rate ceiling on Treasury obligations with a maturity of five years or longer, has made it necessary for the Treasury to confine its financing to shorter maturities. As a consequence, further pressure has been placed on the short-term market causing generally higher interest rates in that area. Thus, the failure to remove the interest rate ceiling has been self-defeating.

The large amount of maturities just ahead, and for several years to come, pose difficult problems for debt management. The Treasury should not rely entirely upon the use of short-term debt, but should extend the debt at every feasible opportunity. Consequent-

ly, we believe that the interest rate ceiling on Treasury bonds should be eliminated in order that the Secretary of the Treasury may be free to fit his financing decisions to market conditions.

Savings Bonds

Individual savings are essential to the economic health of our nation. Savings Bonds have occupied a prominent place in the savings field. To preserve this role, Savings Bonds must provide a realistic return to investors. The Congress is to be commended for raising the rate ceiling on Savings Bonds and thus recognizing the importance of interest rates in the attraction of savings in these times of very active demand for funds.

We renew our pledge to support the Savings Bonds Program as a means of giving every American the opportunity to share in financing the public debt.

Credit Policy

In the recent business expansion the Federal Reserve has been confronted once again with the problem of preventing excessive credit expansion. Federal Reserve policy has permitted a rise in bank loans in response to expanding business activity, but continued pressure on their reserve position has made it necessary for banks to lighten their holdings of Treasury obligations. Consequently, the growth in the money supply has been restrained and Treasury financing has been accomplished outside the banking system.

Interest rates in recent months have increased in response to unprecedented credit demands arising out of vigorous business expansion, heavy Treasury borrowings, and inflationary psychology. Many investors have been influenced by fear of inflation to shift funds from bonds and other fixed-value obligations into stocks, real estate and other so-called inflation hedges. Also, investors in fixed-value obligations have insisted upon higher yields in order to provide some protection against depreciation in the dollar. These basic factors—and not the policies of the Federal Reserve — have been responsible for the rise of interest rates.

We believe that any effort to prevent market forces from having their effect upon interest rates would greatly increase the inflationary potential in the economy and thus complicate the task of moderating cyclical fluctuations in business activity. It is our further view that one of the most effective ways to relieve upward pressure on interest rates when business is active is to have a large Treasury surplus in order that the Treasury will not be competing with other users of credit.

We endorse the flexible credit policies followed by the Federal Reserve as necessary to achieve sound economic growth with a minimum of cyclical fluctuations in employment and business activity.

The Position of the Dollar

The continuing loss of American gold is raising some questions as to the stability of the dollar in international markets and the possibility of a devaluation of the dollar. These speculations are not justified. Redistribution of the gold stock of the Free World has been a continuing objective of our international economic policy for a great many years. The recent shift in ownership of gold, therefore, reflects a necessary and wholesome strengthening of other Free World currencies. The United States still holds almost one-half of the monetary gold stock of the Free World, and our stock of monetary gold remains large relative to our liabilities.

The balance of payments of the United States shows a deficit. We must recognize that the United States is now subject to the discipline of the balance of payments, as has been the case in other countries for many years. We stress the need for a more widespread public understanding of this new environment. If we are to continue to provide large amounts of funds to other countries, either through Government programs or private capital investment, it will be necessary to improve our competitive trade position. Furthermore, to maintain world confidence in the dollar, we must follow fiscal, debt management and credit policies that will prevent a continued rise in our price level.

Taxation of Financial Institutions

We reiterate the declared policy of the Association to seek the elimination of existing inequities in the taxation of financial institutions, and to this end we emphasize the responsibility of our individual members to assist the efforts of our officers and appropriate committees.

The text of the joint statement of the banking groups seeking to amend the taxation of financial institutions follows:

The American Bankers Association, The Bankers Committee for Tax Equality, The Independent Bankers Association, and The Roth Committee are dedicated to a belief in the principle of fair competition through fair tax treatment of commercial banks, mutual savings banks, and savings and loan associations.

These four organizations are keenly aware of the importance of savings as an anti-inflationary curb. They are also aware of the need for Federal revenue.

The present tax advantage of mutual savings banks and savings and loan associations over commercial banks places commercial banks in a disadvantageous position in competition for savings and in their ability to serve the public. This should be corrected.

To this end, The American Bankers Association, The Bankers Committee for Tax Equality, The Independent Bankers Association, and The Roth Committee stand united to achieve equitable tax treatment.

Therefore, H. R. 7950, embodying a joint proposal of these groups, was introduced in the Congress on June 24, 1959, by Representative Noah Mason of Illinois. It was referred to the House Ways and Means Committee, where all tax legislation originates.

The Bill provides for:

(1) A uniform bad debt reserve formula for all three types of institutions. It would permit these institutions to set up annually ½ of 1% of loans, not Government insured or guaranteed, as a bad debt reserve before taxes until the reserve amounts to 5% of such loans.

(2) Repeal of the present provision of law which permits savings and loan associations and mutual savings banks to make transfer to a reserve for bad debts, without the payment of taxes, so long as the total of their surplus,

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American Bankers Assn. Holds 85th Convention

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undivided profits, and reserves does not exceed 12% of withdrawable accounts or total deposits.

(3) Amendment of the present provision under which mutual institutions may deduct all dividends and interest paid out. The Bill would limit such tax deductions to an amount equal to the average percentage of net income actually paid out by all savings and loan associations or by all mutual savings banks during the preceding ten years.

That part of H. R. 7950 described in Point 3 above merits particular attention. Its effect would be to permit a mutual institution to make dividend or interest payments, on a tax-deductible basis, up to a fixed amount of its net income—the amount to be determined by the percentage of income paid in dividends or interest by the entire industry during the previous 10 years. If it paid out less than the limit, it would be able to deduct only the amount it paid out. If, for example, records through 1958 were to show that all savings and loan associations had paid out in dividends an average 70% of their net income during the past decade, then under this Bill each savings and loan association would be permitted tax deduction on dividends up to 70% of its net income. A similar test is provided for mutual savings banks.

H. R. 7950 differs in some detail from the general proposal adopted at the April meeting of the ABA Administrative Committee and Executive Council, which was described in the letter of President Lee Miller of the ABA under date of April 24. The change resulted from discussions and conferences in Washington with representatives of The American Bankers Association, The Bankers Committee for Tax Equality, The Independent Bankers Association, and The Roth Committee, leading to the introduction of the Bill.

Other bills on the subject of taxation of mutual institutions are now pending before the Congress. The Curtis and Harrison Bills propose a straight reduction in the taxfree loss reserves of mutual institutions from the present 12% to 5%. The Harrison Bill additionally limits tax-deductible dividends and interest to 3½%. We recognize that the Curtis and Harrison Bills also have as their objective equitable tax treatment. We believe that the alternative methods they offer will aid the Congress in arriving at a sound decision.

The opposition which we may encounter claims to be deeply entrenched and influential.

With this in mind, the importance of unified and well coordinated action by our representative groups cannot be overemphasized. It merits the wholehearted support of all banks.

We therefore pledge our strongest efforts toward the achievement of equitable tax treatment.

The American Bankers Association
The Bankers Committee for Tax Equality
The Independent Bankers Association
The Roth Committee

The Savings Bonds Committee of the American Bankers Association endorsed action by the Treasury that made U. S. Savings Bonds more attractive to individual investors.

The Committee referred to the recent increase from 3¼% to 3¾% in the rate on Savings Bonds issued on and after June 1, 1959, and held to maturity, and a corresponding increase of at least ½% on outstanding E and H bonds held to maturity.

The Committee at its annual ABA Convention meeting pointed out that "prior to the rate increase, redemptions in 1959 exceeded sales by a substantial amount," and expressed confidence that the change in rate would reverse this trend. It praised the part that bankers throughout the country have played in preserving this program, which accounts for $42.5-billion or 15% of our public debt.

The Committee also approved the Treasury's Department's recent proposal to remove the present 4¼% ceiling on long term Treasury obligations and recommended that bankers support this proposal as a means of preserving the purchasing power of our dollar.

Presiding at the meeting was S. J. Kryzsko, President, Winona National and Savings Bank, Winona, Minnesota. The committee Chairman, Reno Odlin, President, Puget Sound National Bank, Tacoma, Washington, was absent due to illness.

The Savings Bonds group endorsed a plan, currently being considered by the Treasury, to permit advanced refunding of E Bonds for H Bonds without recognition of taxable gain or loss to the holder. It was noted that elimination of tax liability upon such an exchange would be an inducement for holders of matured E Bonds wishing a current income to retain their funds in Savings Bonds.

The group expressed confidence that bankers would continue to sponsor the Savings Bonds effort and pledged its continued active support of the Savings Bonds program.

At the meeting, the U. S. Savings Bonds Division of the Treasury presented to Lee P. Miller, retiring President of the American Bankers Association, a replica of the January, 1959, Savings Bonds advertisement which featured Mr. Miller's picture and testimonial. This ad, a Treasury spokesman reported, was one of the most popular offered to weekly newspapers in the first six months of 1959. In a letter to Mr. Miller, James F. Stiles, national director of the U. S. Savings Bonds Division, said, "For your support and testimony in behalf of the Savings Bonds program which contributed so much to the success of our 1959 advertising campaign, I extend the Treasury's warm thanks to you personally, and to the American Bankers Association."

New Division Heads

Newly elected Presidents of the four divisions and the State Association Section are as follows:

National Bank Division

President: John S. Coleman, Chairman of the Board, Birmingham Trust National Bank, Birmingham, Ala.

Savings and Mortgage Division

President: Louis S. Finger, President, Andover Savings Bank, Andover, Mass.

State Bank Division

President: Harry W. Eaton, President, Twin Falls Bank & Trust Company, Twin Falls, Idaho.

Trust Division

President: Charles W. Hamilton, Senior Vice-President and Trust Officer, The National Bank of Commerce, Houston, Texas.

State Association Section

President: Carl E. Bahmeier, Jr., Executive Secretary - Treasurer, South Dakota Bankers Association, Huron, S. D.

Two ABA Staffers Are Promoted

Douglas G. Herron has been appointed Secretary of the American Bankers Association's Council on Banking Education, ABA Executive Vice-President Merle E. Selecman announced. At the same time, Mr. Selecman announced the appointment of Lawrence N. Van Doren as Assistant Manager of the ABA Advertising Department.

The announcement came after the meeting of the Administrative Committee as the Association's 85th Annual Convention got under way. Bankers from every state and several foreign countries are attending the four-day series of meetings.

100th Anniversary of National Banking System in 1963

The observance of the 100th anniversary of the national banking system in 1963 will provide an unparalleled opportunity for all banks to tell the story of banking progress during the past century and to emphasize the vastly enlarged services banks provide for the public, according to retiring ABA President Lee P. Miller. The Chairman of the ABA Commission for the Observance of the 100th Anniversary of the National Banking System is Ben H. Wooten, President of the First National Bank, Dallas. Activities observing the centennial anniversary of the national banking system will have their inception early in 1963, culminating with the ABA Convention of that year.

The complete Commission includes: Mr. Wooten, Chairman; Louis E. Hurley, President, Exchange Bank & Trust Co., Eldorado, Ark.; Gibbs Lyons, Chairman of the Board of National Bank & Trust Co. of Fairfield County, Stamford, Conn.; Vice-Chairmen; S. Clark Beise, President, Bank of America N.T. & S.A., San Francisco; George Champion, President of Chase Manhattan Bank; Robert V. Fleming, Chairman of the Board, The Riggs National Bank, Washington, D. C., and former ABA President; Sam M. Fleming, President, Third National Bank in Nashville; Frank L. King, Chairman of the Board, California Bank, Los Angeles; Homer J. Livingston, President, The First National Bank of Chicago, and former ABA President; Reno Odlin, President, Puget Sound National Bank, Tacoma, Wash.; Everett D. Reese, Chairman of the Board, The Park National Bank of Newark, Ohio, and former ABA President; Casimir A. Sienkiewicz, President, Central-Penn National Bank, Philadelphia; and Joseph C. Welman, President of Bank of Kenneth, Mo., and former ABA President. *Ex officio* members include the President and Vice-President of the ABA, and the Presidents of the ABA's National Bank Division, State Bank Division, and State Association Section.

New Top ABA Officers

President	Vice-President	Treasurer
		
John W. Remington	Carl A. Bimson	[illegible]

1960 Convention to Be Held in New York City

The New York City bankers will be hosts to the 1960 convention of the American Bankers Association, it was announced by John W. Remington, newly elected President of the Association. Mr. Remington is President of the Lincoln Rochester Trust Company, Rochester, New York. The dates for the Convention will be Sept. 18-21, 1960.

Appropriate convention committees will be organized and announced to the ABA membership later. Hotel applications will be sent to members early in 1960. No applications will be accepted by the convention hotels directly. Official reservation forms will be used and will be handled by the convention Hotel Committee after it is organized.

Mr. Remington said that plans are being made for the 1961 convention, which will be held in San Francisco, Oct. 15-18, 1961.

Backgrounds of New ABA Top Officers

JOHN W. REMINGTON
President, American Bankers Association

John W. Remington, President of the Lincoln Rochester Trust Company, Rochester, New York, was born in that city, Jan. 10, 1897 and received his A.B. degree from the University of Rochester and an LL.B from Harvard University Law School. He is also a graduate, with the class of 1937, of The Stonier Graduate School of Banking, which the American Bankers Association conducts at Rutgers—The State University, New Brunswick, N. J.

During World War I, Mr. Remington served in the Navy, becoming a Lieutenant (jg). He is a member of the American Legion and the Veterans of Foreign Wars.

Before entering the banking business, Mr. Remington was a Partner in the law firm of Remington, Remington and Keating in Rochester. He was assistant United States attorney for the Western District of New York in 1924-25.

Mr. Remington became Trust Officer of the Lincoln-Alliance Bank & Trust Company in 1930 and Vice-President in 1935. In 1944 his bank merged with the Rochester Trust & Safe Deposit Company to become the Lincoln Rochester Trust Company. He became Executive Vice-President and Trust Officer in 1950, and in 1954 was named President.

He has been active in the New York State Bankers Association and is serving his second three-year term as a Director of the Buffalo Branch of the Federal Reserve Bank of New York.

In the Trust Division of the American Bankers Association, Mr. Remington served as a member or chairman of several committees. He served two three-year terms on the Executive Committee of the Division—1938-41 and 1945-48 — and was chairman of the Committee in 1947-48. He was Vice-President of the Division in 1948-49 and President in 1949-50. He was a member of the ABA Economic Policy Commission from 1953 to 1958. In June 1955, he received the Ayres Leadership Award from the ABA's Stonier Graduate School of Banking. He served as Vice-President of the ABA in 1958-59 and was elected President at the 85th Annual Convention in Miami Beach on Oct. 27, 1959.

Mr. Remington is a member of the Rochester, New York State, and American Bar Association. He is President and Director of the Rochester and Genesee Valley Railroad and Director of the Automobile Club of Rochester, Inc.; Alling & Cory Company; Curtice Brothers Company; Haloid Xerox, Inc.; Stecher-Traung Lithograph Company; and Superba Cravats, Inc.

He is a Trustee of the Rochester Chamber of Commerce and the Rochester Bureau of Municipal Research, Inc. He is a Director of the Rochester Chapter of the American Red Cross; the Society for Prevention of Cruelty to Children; Genesee Valley Medical Care, Inc. (Blue Shield); the Gannett Newspaper Foundation; and Rochester Community Baseball Inc. He is a Past President and Director of the Rochester Community Chest and a Past President of the Alumni Association of the University of Rochester.

On Feb. 11, 1959, Mr. Remington was appointed by President Eisenhower to the Annual Assay Commission.

Mr. Remington is married, has two daughters and one son, and makes his home in Rochester.

CARL A. BIMSON
Vice-President American Bankers Association

Carl A. Bimson, President of the Valley National Bank, Phoenix, Arizona, was born in Berthoud, Colorado, March 15, 1900, and attended Colorado A. & M. College (now Colorado State University). After leaving college, he was employed by the Mountain States Telephone & Telegraph Company in Denver from 1924 to 1930. He was later active in property management and real estate sales until 1933.

Mr. Bimson entered banking in 1933 when he joined the staff of the Valley National Bank, Phoenix, Arizona. From 1934 to 1936 he was on loan to the Federal Government as manager of financial relations for the Federal Housing Administration in Arizona. In 1939 he became Assistant Vice-President of the bank; in 1940 Vice-President; and a year later, Director. He advanced to Executive Vice-President in 1949 and to President in 1953.

Mr. Bimson is a past President of the Arizona Bankers Association and the Phoenix Clearing House Association. Aside from serving as President in 1952, he has also held numerous other posts in the Arizona Bankers Association. He was Vice-President of the Financial Public Relations Association in 1952-53, and a Director from 1953 to 1957.

In the American Bankers As-

sociation, he was a member of the Consumer Credit Committee (now the Instalment Credit Commission) from 1947 to 1950 and Chairman of the Instalment Credit Commission from 1955 to 1958; a member of the Credit Policy Commission from 1955 to 1958; and a member of the Small Business Credit Commission in 1958-59. He was elected Vice-President of the ABA at the 85th Annual Convention in Miami Beach, Oct. 27, 1959.

His outside business interests include being Assistant Secretary and member of the Executive Committee of the Valley National Company-Insurance, President of the Valley National Building Corporation, and Vice-President and Director of the Arizona Bancorporation.

His civic interests include posts as Vice-President, Director, and member of the Executive Committee of the Phoenix Metropolitan YMCA; Director, and member of the Executive Committee of the Maricopa Chapter of the American Red Cross; Director, Treasurer, and a member of the Executive Committee of the Plan for Progress; and a member of Kiwanis International, the Phoenix Chamber of Commerce, and the Phoenix Thunderbirds.

He was made an Honorary State Farmer by the Future Farmers of America in 1952.

Mr. Bimson has served as a Director of the Retail Credit Men's National Association; District Governor for the National Association of Better Business Bureaus; member of the Finance Committee of the U. S. Chamber of Commerce and Chairman of its subcommittee on credit unions; and one of the original members of the Westinghouse Electric Corporation Banker Advisory Council.

Mr. Bimson is married and makes his home with his wife, Irene M., at 1254 East Thomas Road, Phoenix.

I. F. BETTS
Treasurer,
American Bankers Association

I. F. Betts, President of The American National Bank of Beaumont, Texas, was born Dec. 5, 1897, in Thomasville, Ala. He holds a B.A. degree from Southern Methodist University and was graduated from The Stonier Graduate School of Banking conducted by the American Bankers Association at Rutgers—The State University, New Brunswick, N. J. He is permanent President of the S.G.S.B. class of 1941.

Mr. Betts began his banking career in 1922 with the Federal Reserve Bank of Dallas, where he became Chief Bank Examiner. From 1939 to 1947 he was Vice-President of the Continental-American Bank and Trust Co., Shreveport, La. He has been President of The American National Bank of Beaumont since 1947. He is a director of the Houston branch of the Federal Reserve Bank of Dallas.

He has been active in the Texas Bankers Association, including being Chairman of District I. In the American Bankers Association, Mr. Betts was a member of the Bank Management Commission from 1942 to 1945; served as Vice-President for Texas on the Organization Committee in 1948-1949 and Regional Vice-President on the Organization Committee in 1949-50. He served a three-year term on the Executive Council in 1950-53. He was elected Treasurer of the ABA at a meeting of the Association's Executive Council held at the close of the ABA's 85th Annual Convention in Miami Beach on Oct. 28, 1959.

Mr. Betts is a director or member of the Board of Trustees of the Midwestern Insurance Co., Tulsa, Okla.; Southern Methodist University; Texas Research League, Austin; Texas Bureau for Economic Understanding, Dallas; Medical Research Foundation of Texas; Texas United Fund; Young Men's Christian Association of Beaumont; the Chamber of Commerce of the United States (and Chairman of the National Chambers' Committee on Government Expenditures).

He served two terms as President of United Appeals of Beaumont and North Jefferson County. For six years he was on the board of directors of the Beaumont Chamber of Commerce and for two years was President of that organization. He was a member of the board of directors and Treasurer of the Spindletop Fiftieth Anniversary Commission. He is a member of the board of directors of the Downtown Beaumount Rotary Club and was President of the Town Club of Beaumount in 1953.

Mr. Betts is married, has one daughter, and makes his home in Beaumont.

Head ABA Divisions and State Assn. Section

John S. Coleman

John S. Coleman is newly elected President of ABA's *National Bank Division;* Louis S. Finger, President of *Savings and Mortgage Division;* Henry W. Eaton, President of *State Bank Division;* Charles W. Hamilton, President of *Trust Division;* and Carl E. Bahmeier, Jr. is head of the *State Association Section.*

Louis S. Finger

Henry W. Eaton

Charles W. Hamilton

Carl E. Bahmeier, Jr.

Lindberg Steel Treating Co. Stock Offering

An underwriting group headed by Cruttenden, Podesta & Co. on Nov. 11 publicly offered 85,035 class A common shares, $5 par value, of Lindberg Steel Treating Co., Inc., Melrose Park, Ill. The stock was priced at $12 a share.

All shares in the offering are being sold by stockholders and no part of the proceeds will be received by the company.

In October this year the authorized shares of the company were changed to 450,000 class A shares, $5 par value, and 450,000 class B shares, $5 par value. The 284,700 common shares, $5 par value, then outstanding were reclassified into 284,700 class B shares.

Capitalization of the company as of July 31, 1959, adjusted to give effect to the reclassification described above and to the conversion of 85,035 class B shares into the 85,035 class A shares currently being offered, is as follows: long-term debt, $985,200; 85,035 class A shares, $5 par value; and 199,665 class B shares, $5 par value.

Earnings in the seven months ended July 31, 1959, were $312,609 after taxes, compared with $156,-609 for the full 1958 fiscal year.

The company is engaged in commercial heat treating of metals and has plants in Melrose Park, Ill.; Los Angeles, Calif.; St. Louis, Mo., and Rochester, N. Y.

Columbine Adds

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Gordon L. Douglas, Jack W. Gardner, Harry N. Gurley, John R. McCusker, Jr. and Joseph L. Tasetano have become affiliated with Columbine Securities Corp., 621 Seventeenth St. Mr. Gurley was formerly with C. M. Hathaway Co.

Personal Planning Assoc.

ANNAPOLIS, Md. — Personal Planning Associates, Inc. has been formed with offices at 5 Maryland Ave., to engage in a securities business. Officers are Garnett Y. Clark, President; John B. Melvin, Vice-President; and Colleen M. Fenis, Secretary.

AS WE SEE IT *(Continued from page 1)*

some are in fact doing. Of course, any such effort all but inevitably brings to the fore our own high tariff rates and various other devices for limiting the importation into this country of many types of goods made abroad. To the credit of the Administration, it is said to have reached the conclusion that a general freeing of international trade the world over is due, indeed past due. Unfortunately, at the very time that demands are being made for greater freedom of international trade, influential figures some in Washington urge that we expand the policy of tying our foreign loans to exports from this country. This has been a fairly general practice for a good while past. If it is continued and now made more inclusive, it is not easy to see how we can very logically or very effectively plead with other countries to refrain from steps which would give their own wares a preference over ours.

Further Tying of Loans?

These proposals to go further in tying our loans to the export of our own goods unquestionably reflects a growing demand by many elements in American business that the government do something to help them defend themselves against foreign competition not only in the home market but in foreign markets. What, of course, is really due from government is relief from cost burdens either imposed by government or else permitted or even promoted by government. Chief among these is, of course, very high labor costs. It must be frankly admitted that there does not seem to be any great likelihood of such relief in the foreseeable future, and that it is therefore understandable that the business community is seeking relief in other directions.

At the same time it seems clear to us that to promote export trade which can survive only so long as it receives some sort of subsidy from government is hardly building upon a sure and solid foundation. It is likewise to be doubted whether the backward countries which are the buyers of our goods under such conditions are really very much helped in the long run. At any rate, it should be clearly recognized that when the government steps in to assist transactions which would not occur without such assistance, the probability is very great that the taxpayer will in the end have to foot a very substantial bill. If we still feel in duty bound to contribute to the welfare of various "under-privileged" peoples, we had best do so directly and clearly and with our eyes wide open rather than deceive ourselves with transactions which are euphoniously termed loans, or investments.

A Confused World

The fact is that this is a confused and confusing world in which we now live. Not only have cataclysmic changes been wrought by two world wars, but new and strange notions are abroad about how the economic system functions and how it can (allegedly) be controlled or directed by government. In days gone by nations became creditor nations through an evolutionary development of natural forces. The export of capital was a business in its own right. It was conducted as was other types of business for the profit that could be got from it—and not as a sort of ancillary activity designed to help the export of goods from any particular country. By and large the loans were made on business principles and with shrewd judgment concerning the risks that were being taken. The so-called backward peoples had not as a rule become imbued with the notion that somehow those who were helping to develop their resources were merely highwaymen and robbers. There was even among the more primitive peoples at least some sort of feeling of honor about keeping their word—or at least they were not in a position not to keep it, and public opinion throughout the world did not approve the confiscatory tactics now so common among the so-called backward countries.

How different the state of affairs today when most of the financial machinery set up, more often than not with public funds, is designed either to promote exports or else to do what in the earlier days would have been termed charity work among the needy of the world. And underlying much of it all is the half-socialist notion that somehow all this can be directed and controlled by paternalistic governments. The only judgment possible of much of it all, if it is to be weighed in the balance of orthodox concepts of economics, is that it is a confused mixture of amateurish meddling which can hardly be expected to bring other than "pain and grief for promised joy." But it is a situation out of which we must somehow work our way, and we shall succeed in doing so only if the sound sense of the nation's founding fathers is not scorned.

Longer Term Loan Trend Implications for Banking

Continued from page 3

banking system in good times and in bad was next found in the creation of the Federal Deposit Insurance Corporation. Between deposit insurance and the ready accessibility of emergency Federal Reserve Bank credit, there is no doubt that the banking system has been immeasurably strengthened against the kinds of vicissitudes that have been described and by which it has been sporadically plagued in the past.

So much for history. The question remains whether a banking system, relieved from the prospect of the kinds of difficulties by which it has formerly been beset, is fully poised to contribute its strength constructively to an economy dependent on stability and growth for its long-run utility. The bank supervisory agencies enjoy their widest opportunities in this area for rendering economic and social public service.

What Banks Should Have

Broadly speaking, it is the responsibility of the bank supervisory agencies to determine by examination that the assets of the banks subject to their authorities are adequate in quality to assure the protection of depositors and that capital funds exist in sufficient amount to supply an overlaying margin of safety. A measurement of these two factors reverts to the human equation, and bank supervisory authorities must also be satisfied that bank managements have the capacity to perform their duties in accordance with established standards of proficiency and integrity.

In the performance of their duties, bank supervisors must consider both the positions of the individual banks and the composite position of all the banks for whom they are responsible. As time passes, it is becoming constantly more evident that the composite position of all banks—namely, the banking structure—must become the sharpest focus of bank supervisory attention.

The record of banking legislation since 1920 has been to shore up the structural banking weaknesses that adversity had exposed in stark and somber reality. Trust in the knowledge that the recurrence of earlier kinds of banking difficulties has been guarded against legislatively may very largely account for the present willingness of bankers to engage in credit practices that would have been questioned in years gone by. Given an acceptable quality of loans and investments, banks now enjoy the mechanical facilities for meeting their deposit obligations under all conceivable circumstances. Today's unanswered question is whether the composition of bank loans and investments contributes to national growth and stability to the greatest extent possible. Bankers and bank supervisors alike share responsibility for finding the correct answer and, in so doing, to eliminate any errors of omission or commission that are harbored in existing banking practices.

Changed Banking Practices

In order to point up the question, it is advisable to look back into the past and to review some of the changes in banking practices that have taken place and their effects on the banking structure. Take the key provisions of the real estate loan authority of national banks as a first example: In 1926, Congress broadened the powers of national banks to make loans upon first mortgages on city property by increasing from one to five years the maximum maturity allowable and by setting one-half of their savings deposits, or 25% of the amount of their capital stock and surplus, as might be elected, for the permissible ceiling amount of such loans that could be carried. No loan might be made in excess of 50% of the actual value of the real estate offered for security. The purpose of this legislation was to improve the competitive position of national banks in relation to State banks which, as a class, were operating under broader lending powers in the real estate mortgage field.

Thirty years later finds national banks authorized to make real estate loans secured by first liens upon improved real estate, including improved farm land and improved business and residential properties, up to 66⅔% of the appraised value of the real estate offered as security, and for terms up to 10 years when secured by an amortized mortgage, the instalment payments on which are sufficient to amortize 40% of the principal of the loan within that period; and up to 20 years if the instalment payments on the loan are sufficient fully to amortize its principal within such maturity. Furthermore, real estate loans insured under the provisions of the National Housing Act are exempted entirely from these liberalized limitations; and the total permissible amount of real estate loans that can be carried has been set at 100% of the capital and surplus of the lending bank, or 60% of the amount of its time and savings deposits, whichever is the greater. The Congress in its past session saw fit to broaden the real estate lending power of national banks still further by, among other liberalizing measures, raising from 66⅔% to 75% the percentage of appraised value of real estate that may be taken as security to loans amortizable within a period of 20 years.

The reference made to the vastly expanded real estate mortgage lending authority that has been granted to State and national banks over the years is not to dispute the economic usefulness of these broader lending privileges or the push that as a result has been given to the socially desirable objective of increasing home ownership. My purpose has been to dramatize an evolution in commercial banking practice that has moved away from a time established liquidity principle—that essentially demand liabilities should be balanced by an appropriate arrangement of short-term assets — to a revised concept that has widened the eligibility of longer-term assets for inclusion in commercial bank loan portfolios on the grounds that the factors of amortization and the ready accessibility of emergency Federal Reserve Bank credit remove the objections that hitherto had existed to this practice.

Similar reasoning has been used to justify the widening commercial bank policy of making term loans whose payment through instalments is geared to the projected cash flows and earning power of the borrower. There is not the slightest doubt that term loans have filled an important gap in the list of commercial bank lending services and that they have been an important element in the array of credit and capital devices that have done so much to raise the American standard of living and to establish our country's stature as a world power.

Notwithstanding the desirable attributes of term loans, their existence in large volume in commercial bank loan portfolios is subject to the same reservations that have been made regarding current real estate mortgage loan practices; namely, that the effect of carrying substantial amounts of long-term paper tends to reduce what should be a bank's built-in liquidity and thereby to increase its reliance on extraneous factors, such as emergency Federal Reserve Bank credit, to insure satisfaction of its deposit liabilities. Furthermore and regardless of the quality of a bank's long-term paper, the fact remains that as the percentage of such paper to the total of all paper carried rises, its ultimate capacity to fulfill its short-term community lending duties may come to be correspondingly constricted. It is in the dynamic field of short-term lending that banks have historically performed their most important credit service in catering to the temporary working capital needs of their communities. Any structural change in bank lending practices that might eventually interfere with this function must be a matter for concern, and especially so if it should be made under the guise of some untested concept of what constitutes adequate bank liquidity.

Pause for Thought

When examining the evolution of commercial bank longer-term lending practices, developments in the field of consumer instalment credit give most pause for thought. Where commercial banks are now the most important of all direct and indirect purveyors of consumer instalment credit, and where consumer instalment debt has become a critical factor in the aggregate of all types of obligations outstanding, its place within the context of the forms of obligations held by commercial banks demands intensive and continuous study. Again, as in the case of real estate mortgage loans and term loans, there is indisputable evidence that commercial bank participation in the field of consumer instalment credit has added a plus factor to the improvement of living standards and the comfort and convenience of countless people from one end of the country to the other. Nevertheless, the steady increase in the proportion of consumer instalment paper to the total of all paper carried by commercial banks raises the question whether this trend in commercial bank lending policies is being undertaken at the expense of reduced banking liquidity and the ultimate ability of banks to function along historically accepted lines of proven public value. Moreover, a type of credit transaction that permits possession of desired goods or services on the basis of a narrow initial equity at some point may reveal by hindsight that a consequence has been to weaken the will of borrowers to respect the terms of the obligations which they have assumed. The tendency for commercial banks and important outlets of retail distribution to offer new variations in the forms of consumer credit, such as revolving credit, that are attractive to the buying public is another force adding to the total of consumer credit held by commercial banks and complicating a clear-cut analysis of where these developments may eventually lead.

In all events, careful thought must be given to the implications for commercial bank liquidity and ultimate capacity for public service in the swelling total of long-term paper that is held by the commercial banking system. Is there any possibility that a sort of hardening of the arteries will afflict the commercial banking system and act to slow down the circulatory economic benefits that are intrinsic to a concentration of banking energies on financing the short-term working capital needs of commerce and industry?

To be sure, a Federal Reserve System monetary and credit policy that acknowledges economic stability and growth as its objective contemplates increases in bank deposits and money supply that are consistent with rising national productivity and growth. However, if a secular expansion of bank deposits promoted by Federal Reserve System action is constantly counterbalanced by additional commercial bank holdings of long-term paper, presumably bank capacity to service the working capital needs of commerce and industry at some point may be impinged upon.

In a somewhat remote illustration, I vividly recall the banking situation in my own State of Oregon in 1920 at the time of my initiation into the banking profession. The impact of the post-World War I drop in commodity prices within the space of one year had forced a major state-wide contraction of deposits that necessitated an equally rapid increase in commercial bank borrowings in order to bridge the gap to lowered deposit totals. I can recall the cases of many banks whose borrowings were in excess of their deposits. In result, their ability fully to perform their normal community credit service functions was cut off for a considerable time.

Atrophy of Commercial Bank Lending

Although the safeguards embodied in the current types of instalment obligations, and in the emergency facilities available for Federal Reserve Bank credit, stand to prevent anything like this kind of unfortunate situation, even so, a gradual atrophy of commercial bank lending flexibility cannot, in my opinion, be ruled out of thought if trends in long-term lending should continue indefinitely on their present course. Federal Reserve System monetary and credit policy actions to expand the money supply can go a long way toward alleviating any future problems of this kind by constantly adding a top layer of liquidity to commercial bank positions, but whether it is possible to do so without provoking inflationary consequences raises still another question.

Everything considered, the problem remains as to how far the commercial banking system can properly go in increasing its holdings of long-term obligations without running the risk of impairing its general liquidity and ultimate capacity for well-rounded public service. All of the conjectures that have been cited regarding credit developments in the commercial banking field lead to the inescapable conclusion that to the fullest extent possible personal and business transactions conducted through the use of accumulated savings are preferable to those financed through the use of credit if the latter transactions should not, as a whole, be conducive to the maintenance of a liquid and viable commercial banking system.

Evolutionary changes in the structural make-up of the commercial banking system have proceeded part and parcel with the credit developments that have been discussed. As against 30,291 commercial banks operating in 1920, that number had been reduced by 1958 to 13,540. However, by virtue of branches, mergers and consolidations, the total number of banking outlets serving the public in 1958 stood at 22,608. An earlier overbanked situation was corrected in the years between 1920 and 1958, but considering population growth, and especially taking account of the broader range of banking services that are sought after by the public, the number of banking offices now operating is none too ample.

Aside from any question about the present structural adequacy of the commercial banking system, the physical change that it has undergone—which has seen a reduction in the number of individual banks paralleled by a rise in the number of banking offices and an increase in the size of operating commercial banks—poses problems to be resolved in the future. Have these changes been to the advantage of maintaining a vigorous dual banking system? To what extent are objections to bank mergers and consolidations offset by the factors of economy and efficiency that often are cited as compelling arguments favoring the ability of larger banking units to meet the mass banking needs of a rapidly growing population? Will a time come demanding some arbitrary choice between the presumed advantages of large scale bank operation and the possible dangers that the resulting concentration of banking resources can lead to an undesirable lessening of competition and to monopoly practices?

These are all problems that we who are vested with bank supervisory responsibilities must approach with a philosophical detachment requiring an analysis of the commercial banking system as a whole as well as an analysis of its component parts. In the pursuance of that aim it is incumbent on us all to take a fresh look at the trend of commercial bank credit developments and decide whether or not they are consistent with the kind of economically constructive banking system for which we are held accountable.

*An address by Mr. Mills before the 58th Annual Convention, National Association of Supervisors of State Banks, Hollywood-By-The-Sea, Fla., Oct. 21, 1959.

Wendell Barnes to Join Staff of Shearson, Hammill

Wendell B. Barnes, who has resigned as Administrator of the Small Business Administration, has announced that he will join the nationwide investment firm of Shearson, Hammill & Co. on Nov. 23. He will serve the firm as a special consultant on investment banking, and will make his headquarters in the New York City office, 14 Wall Street.

Wendell B. Barnes

Appointed by the President in 1953, Mr. Barnes built the Small Business Administration from a new and untried Federal agency to an important arm of the Government, giving management and financial assistance to hundreds of thousands of businesses annually.

Convinced of the widespread need of smaller businesses for equity capital, Mr. Barnes took the lead in authoring the Small Business Investment Act of 1958 which has resulted in the licensing of numerous new investment companies. These companies will play an increasing role in financing concerns which are at present too small for public equity financing. Mr. Barnes believes this assistance will help many small concerns grow to a size where they will be eligible for public financing and wide public ownership.

"It is not unreasonable to predict," stated Mr. Barnes, "that within 10 years the number of companies with securities listed on the nation's stock exchanges will have doubled, with a corresponding increase in trading transactions. Investment banking firms, along with all the rest of the economy, will have an opportunity to share in this growth.

"Shearson, Hammill & Co. specialize in providing financing for medium size growth companies; my work, of course, will extend to companies of all sizes. With Shearson, Hammill I will have an opportunity to follow a personal, basic interest in corporate finance."

In welcoming Mr. Barnes, Murray D. Safanie, Directing Partner of Shearson, Hammill & Co., 14 Wall Street, New York City, said:

"We are very happy that Mr. Barnes is coming to our firm. His vast experience in financing companies of all kinds in all parts of the nation should enable our firm to broaden its services to worthy companies, small and large."

Mr. Barnes has guided the growth of the Small Business Administration since shortly after it was established by Congress, upon recommendation of President Eisenhower, in mid-1953. Mr. Barnes served briefly as the Agency's General Counsel, the President then elevated him to the top position as Administrator, with the advice and consent of the Senate. It was under Mr. Barnes' leadership that the Agency's programs of financing and government procurement and management counseling were formulated. SBA now has 54 field offices and 2,100 employees.

Mr. Barnes, who was born in Fonca City, Oklahoma, 50 years ago, formerly was a counsel to Douglas Aircraft Co. and also served as a member of the Oklahoma State Legislature, a practicing attorney and business owner. Currently he is a member of the President's Cabinet Committee on Small Business, the Civil and Defense Mobilization Board, the Board of Directors of the Virgin Island Corporation, and the Administration's Committee on Rural Industrial Development.

A graduate of Brown University, Mr. Barnes recently was awarded a citation of achievement by that university, being one of 19 Brown University alumni to be so honored. He received his law degree from the University of Michigan Law School in 1935, is married and has four children.

Plastic Company Debs. Offered

A. G. Edwards & Sons, of St. Louis, Mo., on Nov. 6 headed an underwriting group which publicly offered $1,000,000 of 6% convertible subordinated sinking fund debentures due Oct. 1, 1969 of Plastic Applicators, Inc. at 100%, plus accrued interest from Oct. 1, 1959 to date of delivery.

The debentures are entitled to a sinking fund sufficient to retire $110,000 principal amount in each of the years 1962-1968, inclusive, subject to credit for debentures converted, purchased or redeemed by the company.

The company was incorporated under the laws of the State of Texas on Nov. 20, 1945. The founders of the company, G. J. Duesterberg and H. M. Kellogg, are still the principal executive officers serving as President and Executive Vice-President, respectively. At the time of its organization, the principal business of the company was the application of plastic coatings to oil refining, chemical and food processing equipment. In 1955, the company began the operation of a plant to apply internal baked plastic coatings to oil field tubular goods, and since that time this has become the principal business of the company. The business of the company is carried on by Plastic Applicators, Inc. and its wholly-owned subsidiary company, Rubber Applicators, Inc.

With Nelson Burbank

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—James J. Lynch has become associated with Nelson S. Burbank Company, 80 Federal Street. He was formerly with Hamilton Management Corp.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The use of the Taft-Hartley law to bring the steel strike to an end for an interim period of at least 80 days will probably mean that the need for credit will be accelerated since there are inventories which will have to rebuilt. A substantial amount of the funds which will be used for these ordinary business purposes will come from the liquidation of short-term government securities. There will, however, be a lapse of time before the funds will be needed, so the use of short-term funds for business purposes will not come all of a sudden. Also, the kind of a settlement which is worked out in the steel strike, whether it be just a temporary one or of a more lasting nature, will have an influence on the action of the money market. However, it seems as though the demand for credit is going to keep the pressure on the money market.

Reserve Banks Largest Holders

The well planned November refunding operations of the Treasury was a very successful one, with only a small amount of cash being paid out to owners of the maturing $3\frac{3}{8}$s and $3\frac{1}{2}$s. The largest holders of the maturing issues were the Federal Reserve Banks, which exchanged their 5 million obligations for the one-year $4\frac{3}{4}$% certificate. It is the usual procedure of the Central Banks to turn in their securities for the shortest or shorter maturities which are being offered in a refunding deal by the Treasury. There have been, however, occasions in the past when some of the longer maturities in a refunding package have been taken by the Federal Reserve Banks in order to make the refunding exchange a successful operation.

In the recent refunding, there was no need for help from the Central Banks since the issues offered in exchange to the owners of the ones which are coming due on Nov. 15 carried a high enough rate, and there was a choice of maturity dates so that they appealed not only to the Nov. 15 owners but also to investors who were not holders of the e issues. They obtained their holdings (of the $4\frac{7}{8}$s mainly) by purchasing and then turning in the maturing $3\frac{3}{8}$s and $3\frac{1}{2}$s for the new four-year note.

Cash Demand Small

Of the $3,900,000,000 of the $3\frac{3}{8}$s and $3\frac{1}{2}$s held by the public, $583,000,000 was turned in for cash by the owners of these obligations. This attrition is considered to be on the favorable side, and this indicates that the securities offered in exchange for the Nov. 15 maturities were attractive enough to keep cash payouts at a minimum. In addition, the exchange of the optional 4s of 1962 (the $2\frac{1}{2}$s by five notes) was made in the amount of $1,615,000,000 which means that the remaining part of this issue of approximately $385,000,000 may be redeemed on Feb. 15, 1960, provided the owners signify their intention to have them paid off (next February) by Nov. 15.

The Treasury has a large refunding operation to take care of in February of 1960, so the sizable exchange which has been made of the 4s of 1962 for the $4\frac{7}{8}$s of November, 1963, will lessen the amount of the obligations which will have to be exchanged at that time.

Good Marketability

The $4\frac{7}{8}$% note will be outstanding in the aggregate of $1,297,000,000 and the $4\frac{3}{4}$% certificate in the amount of $2,000,000,000 so far as the public is concerned. Both of these issues are large enough to give them good marketability and the $4\frac{7}{8}$% note is being bought by investors who are interested in the rate of return which is available. It is reported that the small investor is again a buyer of the $4\frac{7}{8}$% note and, while some of this money has come from savings accounts, it is by no means as large as was the funds which were put into the 5s of 1964.

Tight Money to Prevail

Although the government refunding is out of the way, and the next venture into the money market will be for the raising of new money sometime the last of this month or early December, there are no expectations that the powers that be will make any change in the tight money and credit conditions which have been prevailing.

The upholding of the Taft-Hartley law by the Supreme Court has put the steel companies back to work, and in time this demand for credit will most likely result in the rebuilding of inventories so that the peak comes sometime in 1960, instead of the last quarter of the year as would be the case under normal conditions.

Dean Witter Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Andrew J. Soter and Nicholas Suzick have been added to the staff of Dean Witter & Co., 632 South Spring Street.

S. R. Ketcham Co. Formed

Stanley R. Ketcham & Co. Inc. has been formed with offices at 76 Beaver Street, New York City, to engage in a securities business. Officers are Stanley R. Ketcham, President, and V. S. Ketcham, Secretary. Mr. Ketcham was formerly with Smith, Barney & Co.

The Business Outlook And the Money Market

Continued from page 16

creases in the discount rates and other money rates.

I might, however, be wrong in predicting continued prosperity in 1960.

(4) Tight money has been brought about by the increasing demand for funds as compared to the supply available. With recovery in business and the increasing demand for bank credit, money rates began to move up. The situation was further aggravated by the large Treasury deficit and the need of the Treasury to appeal to the money market for funds. Real estate loans have increased constantly since 1957. Such loans made by member banks were over $4 billion higher in the middle of 1959 as compared to the same date two years earlier. Another factor making for tight money was the large volume of borrowing by political subdivisions.

The Federal Reserve System pursued credit policies of a restrictive nature in order to deal with the inflationary threat and the protection of the dollar position abroad. There is no question but what tight money and high money rates always have a dampening effect over a period of time on the economy. In this case, I do not think the dampening effect will be too severe or too sharp because of the liquidity of corporations. Nevertheless, its powers of erosion cannot be discounted. Tight money can change the psychology and business decisions in such a way as to weaken the economy.

(5) I am worried about the Stock Market. Stocks are now selling at 15 or 16 times earnings after a 10% correction. This compares with 1929, when they were selling at 19½ times earnings. So we are a long way from that point. Certainly, stock yields are out of line with bond yields. This means to me one thing: That the stock market is too high and the chances of a drop cannot be discounted. Such a drop could have adverse effects on business psychology and, hence, on business activity. The drop would have to be more serious than I would anticipate to drastically affect the economy.

(6) The effect on the international situation. I am not worried about the effects of changes in the international situation on the economy. However, the possibility of easing international tensions should be recognized. If this reduces government expenditures on military supplies that are not compensated elsewhere, the immediate effects would be depressing to the economy. In the long run, reduction in government expenditures is all to the good, of course. However, I cannot conceive, in the period for which we are forecasting, that there will be any action on the international front to ease tensions sufficiently to cause us to make any major changes in our military defense expenditures.

(7) Inflation must be mentioned as a possible recurring danger. Because of the significant rise in business activity over the past year and a half, the stability of the price indices is nothing short of amazing. I do not look for inflation to upset the apple cart in the period of our forecast, considering the policies of the Federal Reserve System, the determination of management to hold the line, and the current influx of foreign products. However, the outcome of the steel strike will determine the pattern for other industries and could bring a renewal of the wage-price spiral.

(8) My fifth reservation lies in labor unrest. The outcome of the steel strike is still in doubt at this writing. Every day steel shortages are appearing in various industries. Already these shortages have been instrumental in leveling business and production. If the strike is allowed to continue indefinitely or is resumed at the end of any cooling-off period, the results could be disastrous. The impact of shortages on income and profit would be great and the adverse effects on business decisions and on consumer spending could be far-reaching. I must plead to being an optimist. I believe that the good sense of both management and labor will, in time, prevail. But, if not, Congress may find it necessary to take whatever action may be feasible. I think that the prospects of election in 1960 would cause the Government to take every action possible to minimize threats to the economy from labor unrest.

I have reviewed why I may be wrong in my more optimistic forecast. I still think that the best bet is on continued prosperity.

*An address by Dean Taggart before the Annual Meeting, Tanners' Council of America, Inc., Chicago, Ill., Oct. 22, 1959.

Metallurgical Firm Sells Stock Issue

J. A. Winston & Co., Inc. and Netherlands Securities Co., Inc., both of New York City, on Nov. 2 publicly offered 80,000 shares of common stock (par 10 cents) of Metallurgical Processing Corp. at $3 per share as a speculation.

The net proceeds from the sale of the shares of common stock offered, estimated at approximately $192,000 will be used to pay underwriters' expenses, including all counsel and accounting fees and approximately $1,000 will be used for miscellaneous company expenses, leaving a total of approximately $171,000, if all such shares are sold, which sum will be added to the general funds of the company.

The company is in the business of treating, processing and assembling metal products. A substantial portion of the business involves heat-treating metal parts for precision manufacturing companies concentrated in the Long Island area.

The company was incorporated in the State of New York on May 4, 1956. It maintains its offices, processing facilities and manufacturing plant at 75 State St., Westbury, N. Y. The company presently employs 26 persons on a full-time basis.

Econ-O-Veyor Corp. Stock Offered

Plymouth Securities Corp. on Nov. 11 publicly offered 150,000 shares of the common stock (par 10 cents) of Econ-O-Veyor Corp. at $1 per share.

The company, which maintains offices at 224 Glen Cove Avenue, Glen Cove, L. I., N. Y., was established in 1950, and manufacturers various types of conveyors and material-handling equipment for a number of the nation's leading corporations.

Form Pacific Assoc.

(Special to The Financial Chronicle)

HOLLYWOOD, Calif.—Byron C. Bean is engaging in a securities business from offices at 6777 Hollywood Boulevard under the firm name of Pacific Associates. He was formerly with Leo G. MacLaughlin Securities Co.

Span America Boat Stock Offered

R. A. Holman & Co., Inc., of New York City, on November 10 publicly offered 175,000 shares of common stock (par 25 cents) of Span America Boat Co., Inc. at $1 per share. This offering has been completed, all of the shares having been sold. The net proceeds will be used for the purchase of raw materials for the production of boats; for expansion of the company's sales program; and for additional working capital to be utilized for general corporate purposes.

Span America Boat Co., Inc., 742-14th Ave. North, Fort Dodge, Iowa, organized on Aug. 7, 1959, under the laws of the State of Delaware, is the owner of all the outstanding stock of Span America Boat Co., a corporation organized under the laws of the State of Iowa on March 23, 1958. Span America Boat Co., Inc. (Delaware) for whom this offering is being made, is a non-operating holding company with all its operations being carried on by its wholly-owned subsidiary, Span America Boat Co. (Iowa). The parent company (Span America Boat Co., Inc.) intends to continue on as a nonoperating holding company with all operations carried on by its wholly-owned subsidiary.

The company is engaged in the business of designing, manufacturing and franchising the manufacture and sale of an extensive line of fiber glass boats under the name Span-America.

Form Nance-Keith Corp.

PEARL RIVER, N. Y.—The Nance-Keith Corporation is engaging in a securities business from offices at 20 Pinto Road. Officers are William Wiener, President; Gerald Wiener, Vice-President, and Morris Wiener, Secretary-Treasurer.

Norton, Fox Co. Formed

Norton, Fox & Co. Inc. has been formed with offices at 825 West End Avenue, New York City, to engage in a securities business. Officers are Simon N. Heifetz, President, and E. F. Heifetz, Secretary-Treasurer.

Prudent Inv. Corp.

Prudent Investing Corporation has been formed with offices at 100 William Street, New York City, to engage in a securities business. Officers are Maurice Friedman, President and Treasurer, and Harry D. Friedman, Vice-President and Secretary. Mr. Maurice Friedman formerly conducted his own investment business in New York as an individual dealer.

Forms G. M. Young Co.

SPRINGFIELD, Mass.—Gerald M. Young is engaging in a securities business from offices at 1421 Main Street under the firm name of Gerald M. Young & Co.

Lefferdink Adds to Staff

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Richard G. Haga, Paul R. Neumann, Pearl I. Pollard, Jr., Gerald R. Schroeder, and Roger K. Taylor have been added to the staff of Lefferdink & Co., 150 Sansome Street.

Two With Steichen

(Special to The Financial Chronicle)

MINNEAPOLIS, Minn. — Milford J. Lageson and Jack S. Swenson have joined the staff of R. J. Steichen & Co., Baker Building.

Ladet Adds Two

(Special to The Financial Chronicle)

DENVER, Colo.—Nettie S. Hamilton and James Nakagawa have become connected with Ladet & Co., Inc., Central Bank Building. Mr. Nagakagaw was formerly with L. A. Huey Co.

STATE OF TRADE AND INDUSTRY

Continued from page 5

for the first time, upheld the constitutionality of the statute's strike injunction provision. Some indication of the degree of curtailment of steel production while the strike was in progress is reflected in the fact that output in the week ended Oct. 26 (the latest data reported) was only 368,000 tons of ingots and steel castings. In the same week in 1958, production was 2,011,000 tons.

Steel Strike Wreaked Havoc on Car Output

The steel strike, which did not end until Nov. 7, caused the automobile industry to suffer its worst production setback in that week since the beginning of the '60 model run "Ward's Automotive Reports" said.

The reporting service said plant shutdowns and a short work week to conserve dwindling parts inventories resulted in an industry volume of an estimated 67,195 cars, a sharp contrast with the 133,430-unit production peak of week ending Oct. 17.

"Ward's" said the huge General Motors plant network was virtually motionless in the week under review because of exhausted steel parts supplies. The only corporation plants in operation were Chevrolet facilities at Kansas City, Kan., Willow Run, Mich., and St. Louis, Mo. and the Buick plant at Flint, Mich.

Elsewhere in the industry, Ford Motor Co. restricted operations to three days at all Ford, Mercury and Edsel plants but kept Falcon assembly on a five-day basis at Lorain O., and Kansas City, Mo. Chrysler Corp. scheduled a four-day week for all but two of its car plants. American Motors continued on its Saturday work program and Studebaker-Packard again scheduled five-day operations.

"Ward's" said the millionth U. S.-built truck of 1959 was turned out Nov. 3, but added that November truck production plans were lower than for any November in postwar years because of the steel situation.

"Ward's" said this week's combined car-truck output of 80,894 units was a 31% decline from last week (117,801) and a decrease of 46% from the same week last year (150,117).

The year's car-truck production volume to date (4,908,381) is ahead of 1958 (3,268,531) by 50%.

Electric Output 5.8% Above 1958 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Nov. 7, was estimated at 13,019,000,000 kwh., according to the Edison Electric Institute. Output increased by 41,000,000 kwh. above that of the previous week's total of 12,978,000,000 kwh. and showed a gain of 708,000,000 kwh., or 5.8% above that of the comparable 1958 week.

Car Loadings Down 12.9% From 1958 Week

Loading of revenue freight for the week ended Oct. 31, 1959, totaled 588,148 cars, the Association of American Railroads announced. This was a decrease of 86,843 cars of 12.9% below the corresponding week in 1958, and a decrease of 125,846 cars or 17.6% below the corresponding week in 1957.

Loadings in the week of Oct. 31, were 19,199 cars or 3.2% below the preceding week. It is estimated that about 160,000 additional cars would have been loaded in the current week if there had been no steel strike. Based on these week-to-week estimates the cumulative loss is now approximately 2,495,000 cars.

Lumber Shipments 9.3% Below 1958 Week

Lumber shipments of 466 mills reporting to the National Lumber Trade Barometer were 6.5% below the production for the week ended Oct. 31, 1959. In the same week new orders of these mills were 10.9% below production. Unfilled orders of reporting mills amounted to 34% of gross stocks. For reporting softwood mills, unfilled orders were equivalent to 16 days' production at the current rate, and gross stocks were equivalent to 44 days' production.

For the year-to-date, shipments of reporting identical mills were 0.3% above production; new orders were 0.5% below production.

Compared with the previous week ended Oct. 24, 1959, production of reporting mills was the same; shipments were 4.7% above; new orders were 3.7% above. Compared with the corresponding week in 1958, production of reporting mills was 1.4% below; shipments were 9.3% below; and new orders were 0.1% above.

Decline in Business Failures

Commercial and industrial failures dipped moderately to 265 in the week ended Nov. 5 from 273 in the preceding week, reported Dun & Bradstreet, Inc. Casualties were down sharply from the 331 occurring in the comparable week last year, but they were about even with the 266 in 1957 and the 269 in prewar 1939.

All of the week's decline was concentrated among failures with liabilities of $5,000 or more, which fell to 226 from 242 a week earlier and 27[illegible] last year. In contrast, small casualties, those involving liabilities under $5,000, rose to 39 from 31 in the previous week but did not reach their 1958 level of 53. Liabilities exceeded $100,000 for 28 of the week's casualties, climbing from 19 of this size in the preceding week.

Manufacturing failures dropped to 41 from 52, commercial service to 25 from 34, while retailing dipped to 127 from 128. On the other hand, the construction toll climbed to 43 from 33 and wholesaling edged to 29 from 26. Among wholesalers, mortality exceeded by a slight margin year-ago levels. Other industry and trade groups had fewer casualties than last year; the most noticeable decline from 1958 took place in retailing.

Five geographic regions reported lower failures during the week. The toll in the Pacific States was off to 64 from 67, and in the East North Central States to 40 from 51. Four regions suffered increases: the Middle Atlantic, up to 91 from 77, and the West North Central, East South Central, and Mountain States. Failing businesses fell below last year's level in all except three

of the nine major regions. Only the East South Central, Mountain, and Pacific States reported slight increases from 1958.

Wholesale Food Price Index Edges Up

There was a fractional rise this week in the wholesale food price index, compiled by Dun & Bradstreet, Inc. This was the third consecutive week an increase occurred. On Nov. 3 it stood at $5.94, up 0.2% from the prior week's $5.93, but down 6.2% from the year ago $6.33.

Moving up in wholesale cost this week were flour, wheat, corn, rye, oats, hams, cheese, eggs and hogs. Lower were barley, butter, cocoa, potatoes and raisins.

The index represents the sum total of the price per pound of 31 raw food stuffs and meats in general use. It is not a cost-of-living index. Its chief function is to show the general trend of food prices at the wholesale level.

Election Day Promotions Help Retail Trade

Extensive Election Day sales promotions and cool weather in some cities stimulated consumer buying in the week ended Nov. 4, but over-all gains were cut somewhat by the growing effects of the steel strike. [The strike ended Nov. 7.—ED.] Total retail trade was up moderately from the similar period a year ago, with the most noticeable gains in women's apparel, furniture, and television sets. Sales of new passenger cars, especially the new compact models, remained at the high level of the prior week and were up sharply over a year ago, according to scattered reports.

The total dollar volume of retail trade in the week ended this Wednesday was 2 to 6% higher than a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1958 levels by the following percentages: East North Central and Mountain +4 to +8; South Atlantic +2 to +6; Middle Atlantic and West North Central +1 to +5; New England, East South Central, and West South Central 0 to +4; Pacific Coast —1 to +3.

Orders for women's Spring sportswear, coats, and suits expanded noticeably this week boosting volume appreciably over a year ago. Moderate gains from last year also occurred in fashion accessories, jewelry, and better-dresses. Although re-orders for women's Fall cloth coats moved up somewhat during the week, they were a little below expectations. There was another marked rise from the prior week in the buying of men's Spring sportswear and more modest gains occurred in slacks and sports jackets. Wholesalers reported a considerable rise in bookings in boys' wash and wear merchandise.

There was a considerable increase this week in trading in industrial fabrics and man-made fibers, especially synthetic goods. Wholesalers of cotton gray goods reported moderate gains in volume in print cloths, but increases were cut because of limited supplies in some markets, other gray goods showed little change from the prior week. While the call for woolens and worsteds edged up, interest in carpet wool remained sluggish. New England dyers a… fini h…rs reported a significant increase in incoming orders during the week.

A marked rise occurred in wholesale buying of case goods in most Southern furniture markets this week, and volume was well over a year ago. Other gains from last year were reported in bedrooms sets, upholstered chairs, and outdoor metal tables and chairs. Interest in curtains, draperies, and linens moved up during the week, and volume in floor coverings was sustained at a high level. There was a moderate gain in bookings in appliances, especially television sets, refrigerators, and laundry equipment. Most wholesalers think they have enough supplies of appliances to last until mid-December.

Wholesale Commodity Price Index Stays Close to Prior Week

Fractional increases in prices on wheat, corn, oats, flour, and hogs were offset this week by declines on steers, lambs, hides, and rubber holding the general commodity price level close to the preceding week. The Daily Wholesale Commodity Price Index, compiled by Dun & Bradstreet, Inc., stood at 279.11 (1930-32=100) on Nov. 9, compared with 279.08 a week earlier and 276.66 on the corresponding date a year ago.

With mills in the markets to cover recent flour sales, trading in wheat moved up moderately during the week and prices were slightly higher; there was a moderate rise in wheat offerings. In contrast, rye prices dipped somewhat as transactions were sluggish.

Influenced by small marketings, unfavorable weather in growing areas, and the expectation of expanding domestic and export buying, corn prices moved up slightly from the preceding week. However, purchases in the current week were limited as buyers expected the record crop soon to reach the market.

Trading in oats was light but supplies were limited and prices finished the week fractionally higher; there was a marked gain in exports of oats to Europe. Soybean prices advanced appreciably as processors were faced with limited offerings. Orders from Europe expanded noticeably which helped strengthen prices.

Increased domestic buying of flour offset a dip in exports this week and prices edged fractionally higher; wholesalers expect export sales of flour to pick up again in the coming weeks. Bad weather in some growing areas further aggravated the tight supply situation in rice. Both domestic and export buying of rice expanded from the prior week holding prices close to those of the previous five-day period.

Sugar trading remained quiet this week and prices were unchanged from a week earlier. Volume in cocoa declined moderately and prices were down somewhat. There was an appreciable rise in purchases of coffee which resulted in a slight rise in prices. Inventories of green coffee in the United States totaled 3,125,000 bags on Sept. 30, up 37% over the June 30 level and 71% higher than the level of Sept. 30, 1958.

Hog receipts in Chicago expanded noticeably and prices edged up on increased trading. There was a slight dip in salable supplies of cattle from a week earlier; steer buying slipped and prices were down fractionally. Receipts of lambs were close to a week earlier, but prices slipped on sluggish transactions.

Although trading on the New York Cotton Exchange lagged at the beginning of the week, it picked up at the end of the period. Spot cotton prices finished unchanged from the prior week.

Lenahan Alum. Window Corp. Stock Offered

Lenahan Aluminum Window Corp. is offering 157,494 additional shares of common stock (par 50 cents) on a pro rata basis (during the first 15 days of this offering) only, to the company's stockholders of record as of Nov. 2, 1959 at $4 per share. Transferable subscription warrants will be issued without charge to the stockholders entitling them to purchase one of the new shares for each two shares held. No fractional warrants or shares will be issued. The underwriter, Plymouth Bond & Share Corp., of Miami, Fla., has agreed to use its best efforts to effect the sale of all of the shares. If all of the shares have not been sold by 5:00 o'clock p. m. (EST) on Dec. 20, 1959, then no shares will be issued and all subscriptions will be returned in full. The price for shareholders is $4 per share; and the price to the general public of the unsubscribed shares will be $5 per share.

The net proceeds will be used to finance increased inventory requirements, for expansion, and the balance for working capital.

Service Life Ins. Stock Offered

Kay & Company, of Houston, Tex., on Oct. 26 headed an underwriting group which made a secondary offering of 25,000 shares of common stock (par $1) of Service Life Insurance Co. at $20 per share. The net proceeds of this SEC registered secondary went to Fred B. Dickey, Chairman and President of the company (selling stockholder), and no funds will accrue to the company.

The company is engaged in the writing of life, group, and, to a limited extent, accident insurance policies, offered in Texas, South Carolina, Georgia, Alabama, Virginia, New Mexico, Arizona, Utah, Nevada and Mississippi; and to military personnel stationed in Japan, Hawaii, Okinawa, Guam, the Canal Zone, Western Europe and North Africa.

Insurance in force as of June 30, 1959 totaled $184,611,741.

Net profit for the six months ended June 30, 1959 was $27,370.

There are 500,000 shares of common stock outstanding, of which Mr. Dickey will own 415,091 after the current sale.

With Bache & Co.

(Special to THE FINANCIAL CHRONICLE)

RALEIGH, N. C. — Roderick M. Allen is now affiliated with Bache & Co., 130 South Salisbury Street.

S. B. Franklin Branch

ANAHEIM, Calif. — Samuel B. Franklin & Company has opened a branch office in the Disneyland Hotel under the direction of William A. Dixon.

Keenan & Clarey Branch

OWATONNA, Minn. — Keenan & Clarey, Inc. have opened a branch office at 447 Fairview under the management of Richard A. Mitchell.

New Wade Office

MURFREESBORO, Tenn. — Joe Wade Jr. & Co. has opened a branch office at 202 East Sevier Street under the management of Ben H. McFarlin.

New Alkow Branch

HOLLYWOOD BEACH, Fla.—Alkow & Co., Inc. has opened an office in the Diplomat Hotel under the direction of J. M. Alkow, President of the firm.

BANK AND INSURANCE STOCKS

BY ARTHUR B. WALLACE

This Week — Bank Stocks

A report from the Federal Reserve Board in Washington about a week ago showed consumer credit outstanding at the end of September to be about $48⅓ billion countrywide, some $37½ billion of this total being instalment credit. This total was a new high record. It is obvious that with the steady climb in this consumer credit volume there can be no staying the increase in interest rates, and, for that matter, the trend toward an inflationary move.

One saving feature is that under present prosperous conditions loan repayments are going on with very few defaults. For example, despite the September increase in instalment credit to a new high repayments on outstanding debt were $3,620,000,000. But in any case, the banks share substantially in the higher interest rates resulting, as well as in the growing volume of loans outstanding.

Indeed, some quarters will question the latter comment as the volume of loans at the banks is crowding in on what may well be considered to be a prudent ratio to total assets, and deposit volume is not increasing at as good a rate as the banks would wish.

Loan Reserves of New York City Banks

The large New York City banks are all close to the limit of loan reserves that are permitted under the Treasury formula. Any further additions to this reserve must be based on increased loans outstanding, and, as indicated, this will be a problem as long as deposits continue to be more-or-less leveled off. But the present totals of this reserve are nonetheless sizable. Not all banks report the item; and only a handful show it at interim dates. The following are the latest totals:

J. P. Morgan & Co., Inc. (before merger)	$9,075,000
Guaranty (before merger)	15,815,000
Manufacturers Trust	48,713,000
Irving Trust	12,371,000
Hanover Bank	19,434,000
First National City Bank	95,000,000
Empire Trust	2,971,000
Chase Manhattan	102,709,000
Bankers Trust	17,939,000
New York Trust (pre-merger)	3,959,000

But this is not all in the way of reserves, for most of the large banks carry (whether reported or not) other reserves, variously labeled, such as "General Reserves," "Contingency Reserves," "Security Valuation Reserves": Morgan (pre-merger), $1,000,000 valuation reserve for securities; Guaranty (pre-merger), $4,332,000 general security reserve; Irving, $2,849,000 general reserve; Hanover, $7,491,000 reserve for contingencies; First National City Bank, unnamed $29,000,000; Chase Manhattan reserve for contingencies, $19,750,000; Bankers Trust, three reserves totaling about $5,900,000; New York Trust, $1,649,000.

The banks, in other words, are reserving heavily against any possible breakdown in the economy such as occurred in the early 1930's. And, of course, in addition to their own heavy reserve positions, the Federal Deposit Insurance Corporation stands behind the depositor in cases of bank failures. It was in the early 1930's that the banks throughout the country learned of the need to have a backlog of funds to take care of bad loan accounts; and it is probable that they are sufficiently fortified now.

FDIC Reserves

On the subject of the FDIC, the banks are hopeful that the assessment arrangement will be changed. The agency's reserve fund now totals over $1,900,000,000. The mere fact of the presence of such a huge fund to take care of the depositors of failed banks (up to a limit of $10,000) should, in bad economic conditions, make for stability in the banking system of the country.

As was pointed out in one of the annual reports, a single year's income from FDIC security holdings (practically all governments), and not including the annual assessments, would be adequate to cover the agency's operating expenses for a year, plus all losses incurred since the corporation was set up in 1934; and the annual assessment on all member banks would be "velvet."

* * *

Loans to business at the large New York banks have been spotty recently. We seem no longer to have continuity of a seasonal trend, but rather ups and downs. The latest Federal Reserve report for the week ended Nov. 4 was a decline of $108 million. The total now outstanding is about $10,183,000,000. This figure is $263 million above the first of 1959.

Frank P. Hunt & Co. Offers Boat Stock

Frank P. Hunt & Co., Inc. of Rochester, N. Y., on Nov. 6 commenced a public offering of 100,000 shares of common stock (par 15 cents) of American Boatbuilding Corp. at $3 per share.

This corporation is engaged in the business of building fiberglass sailboats and dinghy boats. They produce nine models of sailboats and one model of a dinghy boat. The boats range in size from 9 ft. 3 in. to 40 ft. sailboats. The main office of the company is located at Division St., Warwick, R. I., which is in the vicinity of Providence, R. I.

The net proceeds will be used for additional working capital, to pay off a note and for expanding and improving the boat-building business.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

• Abbott-Warner Co., Inc.
Aug. 12 (letter of notification) 62,500 shares of common stock (no par). **Price**—$2.70 per share. **Proceeds**—To prepare estimates and to submit bids, as prime contractor on specialized construction projects. **Office**—123 Denick Avenue, Youngstown, Ohio. **Underwriter** — Strathmore Securities, Inc., 605 Park Building, Pittsburgh 22, Pa. This offering is expected to be refiled this week.

• Acme Missiles & Construction Corp. (11/12)
July 24 filed 200,000 shares of common stock (par 25c), of which 150,000 shares will be offered for public sale for the account of the company, and 50,000 shares will be offered for the accounts of the present holders thereof. **Price**—$6 per share. **Proceeds**—For general corporate purposes, including additional personnel, office space, equipment, and the provision of funds necessary to compete for certain contracts. **Office**—2949 Long Beach Road, Oceanside, L. I., N. Y. **Underwriter** — Myron A. Lomasney & Co., New York.

Aircraft Dynamics International Corp. (12/1)
Sept. 25 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—229 S. State Street, Dover, Del. **Underwriter**—Aviation Investors of America, Inc., 666 Fifth Avenue, New York 19, N. Y.

Alaska Consolidated Oil Co., Inc.
Sept. 17 filed 3,000,000 shares of common stock (par five cents). **Price**—$2.50 per share. **Proceeds**—For further development and exploration of the oil and gas potential of the company's Alaska properties. **Office**—80 Wall Street, New York. **Underwriter**—C. B. Whitaker Co., New York. **Offering**—Expected in about three to four weeks.

Albright Bond Mortgages
Oct. 19 filed $2,000,000 of Albright bonds, of which Albright Title & Trust Co. is the trustee. The bonds are to be sold for cash in multiples of $50, and Albright savings bonds will be issued and sold for cash in any amount deposited by the investors. **Proceeds**—To be invested in real estate mortgages. **Office**—Newkirk, Okla.

Alliance Tire & Rubber Co. Ltd.
Sept. 9 filed 100,000 shares of class A stock. **Price**—$12.60 per share, payable either in cash or in bonds issued by the State of Israel. **Proceeds**—For expansion. **Office**—Hadera, Israel. **Agent** — Harry E. Brager Associates, Washington, D. C., and New York. **Offering**—Expected any day.

Allied Small Business Investment Corp.
Sept. 29 filed 100,000 shares of common stock (par $8). **Price**—$11 per share. **Proceeds**—To be used to provide equity capital and long-term loans to small business concerns. **Office**—Washington, D. C. **Underwriter**—To be supplied by amendment.

American Boatbuilding Corp.
Sept. 29 (letter of notification) 100,000 shares of common stock (par 15 cents). **Price**—$3 per share. **Proceeds**—For additional working capital, to pay off a note and for expanding and improving the boat building business. **Office**—Division Street, Warwick, R. I. **Underwriter**—Frank P. Hunt & Co., Inc., Rochester, N. Y.

American Investors Syndicate, Inc.
June 25 filed 600,000 shares of common stock (par 10 cents), and 200,000 shares of 6% preferred stock (no par value, $9 stated value), to be offered in units consisting of 3 shares of common ($1 each) and 1 share of preferred ($9). **Price**—$12 per unit. **Proceeds**—For construction and related expenditures. **Office**—513 International Trade Mart, New Orleans, La. **Underwriter**—Lindsay Securities Corp., New Orleans, La. The SEC had scheduled a hearing, to begin on Sept. 2, which will determine whether a stop order will be issued suspending the offering. As of Oct. 21, no decision had been rendered.

American Motorists Insurance Co.
Sept. 22 filed 166,666⅔ shares of capital stock (par $3), being offered to holders of outstanding shares of such stock of record Oct. 27, 1959, in the ratio of one new share for each eight shares then held; rights to expire on or about Nov. 27. **Price**—$12 per share. **Proceeds**—To raise the ratio of its capital stock, surplus, and surplus reserve to premium writings, to increase underwriting capacity, and for general corporate purposes. **Office**—4750 Sheridan Road, Chicago, Ill. **Underwriter**—None.

★ American Mutual Fund, Inc.
Nov. 9 filed (by amendment) an additional 3,000,000 shares of capital stock (par $1) in the Fund. **Proceeds**—For investment. **Office**—Los Angeles, Calif.

American Service Life Insurance Co.
Sept. 14 filed 375,000 shares of common stock, of which 300,000 shares are to be publicly offered. **Price**—$3.50 per share. **Proceeds**—For general corporate purposes, including, possibly, the acquisition of similarly engaged companies. **Office**—113 Northeast 23rd Street, Oklahoma City, Okla. **Underwriter** — First Investment Planning Co., Washington, D. C.

American Telephone & Telegraph Co. (11/17)
Oct. 22 filed $250,000,000 of 27-year debentures, due Nov. 1, 1986. **Proceeds**—For general corporate purposes. **Office**—195 Broadway, New York City. **Underwriter**—To be determined by competitive bidding. Probable bidders: The First Boston Corp. and Halsey, Stuart & Co. Inc. (jointly); Morgan Stanley & Co. and Kidder, Peabody & Co. (jointly). **Bids**—Expected to be received before 11:30 a.m. (EST) on Nov. 17 at Room 2315, 195 Broadway, New York, N. Y.

★ Ampex Corp., Redwood City, Calif.
Nov. 9 filed 137,500 shares of common stock (par $1) to be offered to officers and employees under the company's Restricted Stock Option Plan.

• Anodyne, Inc., Bayside, L. I., N. Y. (11/16-20)
Sept. 9 (letter of notification) 150,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds**—For expansion and general corporate purposes. **Underwriter**—Ross, Lyon & Co., Inc., New York, N. Y.

Anthony Pools, Inc.
Sept. 28 filed 200,000 shares of outstanding common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—5871 Firestone Boulevard, South Gate, Calif. **Underwriter** — Marron, Edens, Sloss & Co., Inc., New York. **Offering** — Expected in December. **Registrar**—The First National City Bank of New York.

Anthony Powercraft
Sept. 8 (letter of notification) 241,200 shares of 5% cumulative convertible preferred stock to be offered for subscription by common stockholders at the rate of two preferred shares for each three shares of common stock held. **Price**—At par ($1 per share). **Proceeds**—To purchase inventory, new tools, construction and for working capital. **Office**—5871 E. Firestone Boulevard, South Gate, Calif. **Underwriter**—None.

Architectural Plastics Corp.
Sept. 30 (letter of notification) 260,686 shares of common stock (par $1) being offered for subscription by stockholders (with a 15 day standby) and then to the public. Of the total shares to be offered, 103,430 shares are under options and subscriptions. **Price** — $1.25 per share. **Proceeds**—For relocating and improving manufacturing plant; advertising, additional inventories and working capital. **Office**—1355 River Rd., Eugene, Ore. **Underwriter**—Zilka, Smither & Co., Inc., Portland, Ore.

★ Arkansas Louisiana Gas Co. (12/3)
Nov. 10 filed $16,000,000 of first mortgage bonds due in 1979. **Price**—To be supplied by amendment. **Proceeds**—To be used to repay part of an outstanding long-term bank loan incurred for construction and acquisition purposes. **Underwriter**—Eastman Dillon, Union Securities & Co., New York.

Arkansas Power & Light Co. (12/8)
Oct. 23 filed $15,000,000 of first mortgage bonds, series due 1989. **Proceeds**—For construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers and Stone & Webster Securities Corp. and White, Weld & Co. (jointly); Blyth & Co., Inc. and Dean Witter & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc. and Kidder, Peabody & Co. (jointly); Eastman Dillon, Union Securities & Co. and Equitable Securities Corp. (jointly). **Bids**—Expected to be received up to 11:30 a.m. (EST) on Dec. 8.

Associations Investment Fund
Aug. 28 filed 400,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For investment in common stocks. **Office**—301 W. 11th Street Kansas City, Mo. **Underwriter**—Jones Plans, Inc., a subsidiary of R. B. Jones & Sons, Inc.

Atlantic City Electric Co. (11/19)
Oct. 20 filed 200,000 shares of common stock (par $4½) **Price**—To be supplied by amendment. **Proceeds** — To provide part of the funds required for the company's 1960 construction and to provide additional funds if needed for costs of construction being incurred in 1959. **Underwriters**—Eastman Dillon, Union Securities & Co. and Smith, Barney & Co., both of New York.

Atlas Sewing Centers, Inc. (11/16-20)
Oct. 15 filed $2,000,000 of 6% convertible subordinated debentures due Nov. 1, 1974. **Price**—100% and accrued interest from Nov. 1, 1959 to date of delivery. **Proceeds**—Along with other funds, will be used for reduction of short-term loans, for company's expansion program, and for additional working capital. **Underwriter**—Van Alstyne, Noel & Co., New York.

Atlas Sewing Centers, Inc. (11/16-20)
Oct. 15 filed 75,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—Miami, Fla. **Underwriter**—Van Alstyne, Noel & Co., New York.

Australian Grazing & Pastoral Co., Ltd.
Jan. 13 filed 4,000,000 shares of common stock. **Price**—At par (56¼ cents per share). **Proceeds**—To purchase cattle; for improvements; to buy additional ranch in Queensland, Australia; and for other corporate purposes **Office** — 1301 Avenue L, Cisco, Texas. **Underwriter** — None. Robert Kamon is President.

• B. M. Harrison Electrosonics, Inc.
Sept. 25 filed 133,000 shares of common stock (no par) **Price**—$3 per share. **Proceeds**—For general corporate purposes, including the reduction of indebtedness and the provision of funds to assist the company's expansion into the civilian market. **Office** — Newton Highlands, Mass. **Underwriter**—G. Everett Parks & Co., Inc., 52 Broadway, New York City. **Offering**—Expected sometime after Nov. 25.

Baldwin Securities Corp., New York
Oct. 20 filed 823,825 shares of common stock (par one cent), to be offered in exchange for the common stock of General Industrial Enterprises, Inc., at the rate of five Baldwin shares for each General share. **Offering** — Expected in two to three weeks (subject to SEC approval).

Bankers Management Corp.
Sept. 10 (letter of notification) 300,000 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Office**—1404 Main Street, Houston 2, Texas. **Underwriter**—Daggett Securities, Inc., Newark, N. J. **Offering**—Expected in about 30 days.

Bankers Preferred Life Insurance Co.
Jan. 30 (letter of notification) 100,000 shares of common stock (par $1.60). **Price**—$3 per share. **Proceeds**—For expenses incidental to operation of an insurance company. **Office**—Suite 619, E. & C. Bldg., Denver, Colo. **Underwriter**—Ringsby Underwriters, Inc., Denver 2, Colo.

Barber-Greene Co., Aurora, Ill. (11/16-20)
Oct. 21 filed 133,600 shares of common stock (par $5) of which 125,000 shares are to be offered for the account of issuing company, and 8,600 shares are to be offered for the accounts of the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—To be added to general funds to reduce bank loans. **Underwriter**—William Blair & Co., Chicago, Ill.

BarChris Construction Corp. (12/4)
Oct. 28 filed 280,000 shares of common stock. **Price** — $6 per share. **Proceeds**—For general corporate purposes, including expansion. **Office** — 35 Union Square West, New York. **Underwriter**—Peter Morgan & Co., New York.

Basic Products Corp.
Oct. 30 filed 100,000 warrants for the purchase of common stock, and 100,000 shares of stock reserved for issuance upon exercise of said warrants. **Proceeds**—The proceeds from the sale of the stock will be used to redeem notes issued in equal amounts to Mass. Mutual Life Insurance Co. and New England Mutual Life Insurance Co. in connection with the (consummated) acquisition of Hevi-Duty Electric Co., with the balance to be used for general corporate purposes. **Office**—3830 West Grant St., Milwaukee, Wis.

• Biederman Furniture Co. (11/16-20)
Oct. 16 filed 331,635 shares of class A common stock (par $1). Of the total 216,549 shares will be sold for the company's account and 115,086 shares are being offered for the accounts of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—$845,170 will be used to purchase from the shareholders of Biedermans of Alton, Inc., an Illinois corporation and Biedermans of Springfield, Inc., a Missouri corporation, all of the outstanding stock of both corporations. The shareholders from whom such stock is be acquired are David Biederman, William Biederman and the Trustees of the Trust Estates created under the Will of Charles Biederman, deceased, all of whom are also selling shareholders; the balance will be used for general corporate purposes, and the possible future expansion of its business by opening of additional stores, requiring the carrying of additional inventories and additional instalment obligations, and also possibly for the expansion of warehouse facilities. **Underwriter** — Dempsey-Tegeler & Co., St. Louis, Mo.

Blanch-Ette, Inc.
Oct. 12 filed 400,000 shares of common stock, to be offered initially to independent dealers who handle the company's products, with the unsubscribed shares to be offered to the public. **Price**—$1 per share. **Proceeds**—To establish new dealerships, increase inventories, and provide funds for advertising and increase working capital. **Office**—10232 South Kedzie Ave., Chicago, Ill. **Underwriter**—None.

Border Steel Rolling Mills, Inc.
Sept. 14 filed $2,100,000 of 15-year 6% subordinated sinking fund debentures, due Oct. 1, 1974, and 210,000 shares of common stock ($2.50 par), to be offered in units of $50 principal amount of debentures and five shares of common stock. **Price** — To be supplied by amendment. **Proceeds**—For the purchase of land and construction thereon, and for the manufacture and installation of necessary equipment. **Office**—1609 Texas Street, El Paso, Texas. **Underwriters**—First Southwest Co., Dallas, Texas, and Harold S. Stewart & Co., El Paso, Texas.

Border Steel Rolling Mills, Inc.
Sept. 14 filed 226,360 shares of common stock, to be offered for subscription to stockholders of record Aug. 31, 1959, on the basis of 49 new shares for each share then held. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office** — 1609 Texas Street, El Paso, Texas. **Underwriter**—None.

★ Bourns, Inc. (11/24)
Nov. 2 filed 120,000 shares of capital stock (par 50 cents). Of the total, 60,000 shares are to be offered for the company's account and the remaining 60,000 shares are to be sold for the account of a certain selling stockholder. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Underwriter**—Blyth & Co., Inc., New York.

★ Bowmar Instrument Corp.
Nov. 10 filed 78,000 shares of common stock (no par), of which 45,000 shares will be offered for the company's account and 33,000 shares will be offered for the account of several selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Office**—8000 Bluffton Road, Ft. Wayne, Ind. **Underwriter**—Paine, Webber, Jackson & Curtis, New York.

Breuer & Curran Oil Co.
Sept. 24 filed $1,500,000 of co-ownership participations in an oil and gas exploration fund. **Price**—The minimum participations will be $10,000. **Proceeds**—To conduct oil and gas exploration activities. **Office**—3510 Prudential Plaza, Chicago, Ill.

Burch Oil Co.
Sept. 25 (letter of notification) 120,000 shares of class A common stock (par five cents). **Price**—$2.50 per share. **Proceeds**—For building and equipping stations and truck stop and additional working capital. **Office**—C/o Garland D. Burch, at 707 Grattan Road, Martinsville, Va. **Underwriter**—Maryland Securities Co., Inc., Old Town Bank Building, Baltimore 2, Md.

Cadre Industries Corp.
Sept. 25 filed 17,532 shares of common stock (par $5), to be offered to holders of such stock on the basis of one new share for each 8 shares held. **Price**—$64 per share. **Proceeds**—For general corporate purposes, including working capital. **Office**—20 Valley St., Endwell, N. Y. **Underwriter**—None.

California Metals Corp.
July 27 filed 2,500,000 shares of common stock. **Price**—At par (20 cents per share). **Proceeds**—For construction of a pilot plant; for measuring ore; for assaying; and for general corporate purposes. **Office**—3955 South State St., Salt Lake City, Utah. **Underwriter**—Cromer Brokerage Co., Inc., Salt Lake City.

California Mutual Co-Ply, Inc.
Sept. 14 filed 140 shares of voting common stock. **Price**—At par ($5,000 per share). **Proceeds**—To purchase the mill and related facilities of Durable Plywood Co. for $690,000, with the balance to be used for working capital. **Office**—Calpella, Calif. **Underwriter**—The offering is to be made by Ramond Benjamin Robbins, one of the nine promoters, the list of which also includes Harry Ernest Holt, of Eureka, Calif., President of the company

Calumet & Hecla, Inc., Chicago, Ill.
Oct. 27 filed 188,340 shares of common stock, to be offered in exchange for all of the common and preferred stock of Flexonics Corp., on the basis of one Calumet share for each 2⅝ shares of Flexonics common and one Calumet share for each 4 shares of Flexonics preferred.

● Capital Life Insurance & Growth Stock Fund (11/23-27)
Oct. 26 filed (by amendment) 500,000 shares of stock (par one cent). A class of stock issued by Capital Shares, Inc. **Price**—$10 per share. **Proceeds**—For investment. **Underwriter**—Shearson, Hammill & Co., New York.

● Carwin Co. (11/17)
Oct. 2 filed 48,080 shares common stock (par $2), of which 46,080 shares are to be offered for subscription by common stockholders at the rate of one new share for each four shares held. The remaining 2,000 shares are being sold for the account of a selling stockholder. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes including the repayment of outstanding bank loans in the amount of $425,000, the provision of funds for the 1959-60 construction program, and for working capital. **Office**—Stiles Lane, New Haven, Conn. **Underwriter**—Putnam & Co., Hartford, Conn.

★ Caterpillar Tractor Co.
Nov. 5 filed 48,920 shares of common stock (no par), to be offered to officers and other key employees of the company and its subsidiaries under its 1959 Stock Option Plan. **Office**—East Peoria, Ill.

Chadbourn Gotham, Inc.
Sept. 28 filed $2,000,000 of 6% conv. subord. debentures, due Oct. 1, 1974, with warrants to purchase 200,000 shares of common stock (par $1), to be offered for subscription by holders of its common stock at the rate of $100 of debentures, with an attached warrant to purchase 10 common shares for cash for each 100 common shares held. **Price** — To be supplied by amendment. **Proceeds**—For general corporate purposes, including working capital and the acquisition of shares of the outstanding common stock of Davenport Hosiery Mills, Inc., of Chattanooga, Tenn. **Office** — 2417 North Davidson St., Charlotte, N. C. **Underwriter**—R. S. Dickson & Co., Charlotte, N. C. **Offering** — Expected sometime after Nov. 20.

★ Citizens Casualty Co. of New York
Nov. 9 filed 250,000 shares of class A common stock (par $2). **Price**—To be supplied by amendment. **Proceeds**—To be invested in income-producing securities. **Office**—33 Maiden Lane, New York City. **Underwriter**—Lee Higginson Corp.

● Colorado Central Power Co.
Oct. 16 filed 66,490 shares of common stock (par $2.50) to be offered for subscription by holders of outstanding stock of record Nov. 6, 1959, on the basis of one new share for each 10 shares then held; rights to expire on Nov. 30. **Price**—To be supplied by amendment. **Proceeds**—For construction. **Office**—3470 South Broadway, Englewood, Colorado. **Underwriter** — The First Boston Corp., New York. **Offering**—Expected this week.

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NEW ISSUE CALENDAR

November 12 (Thursday)

Acme Missiles & Construction Corp......**Common**
(Myron A. Lomasney & Co.) $1,200,000

November 13 (Friday)

Giant Food, Inc......**Common**
(Auchincloss, Parker & Redpath and Kidder, Peabody & Co.) 200,000 shares

National Standard Electronics, Inc......**Common**
(Palombi Securities Co., Inc.) $300,000

November 16 (Monday)

Anodyne, Inc......**Common**
(Ross, Lyon & Co., Inc.) $300,000

Atlas Sewing Centers, Inc......**Common**
(Van Alstyne, Noel & Co.) 75,000 shares

Atlas Sewing Centers, Inc......**Debentures**
(Van Alstyne, Noel & Co.) $2,000,000

Barber-Greene Co......**Common**
(William Blair & Co.) 133,600 shares

Biederman Furniture Co......**Common**
(Dempsey-Tegeler & Co.) 331,635 shares

Conetta Manufacturing Co......**Common**
(Vermilye Bros.) $400,000

Copymation, Inc......**Common**
(Simmons & Co. and Plymouth Securities Corp.) $300,000

Digitronics Corp......**Common**
(Granbery, Marache & Co.) 65,877 shares

Electronics Development, Inc......**Common**
(First Broad Street Corp.) $404,106.50

First Financial Corp. of the West......**Common**
(William R. Staats & Co.) 120,000 shares

Frontier Refining Co......**Debentures**
(J. A. Hogle & Co.; Garrett-Bromfield & Co. and Peters, Writer & Christensen, Inc.) $6,000,000

General Flooring Co., Inc......**Debentures**
(H. M. Byllesby & Co., Inc.; Howard, Weil, Labouisse, Friedrichs & Co. and Mason-Hagan, Inc.) $1,500,000

General Flooring Co., Inc......**Common**
(H. M. Byllesby & Co., Inc.; Howard, Weil, Labouisse, Friedrichs & Co. and Mason-Hagan, Inc.) 270,000

Oak Valley Sewerage Co......**Bonds**
(Bache & Co.) $145,000

Oak Valley Water Co......**Bonds**
(Bache & Co.) $125,000

Rek-O-Kut Co., Inc......**Common**
(D. A. Lomasney & Co.) $749,000

Reserve Insurance Co......**Common**
(A. G. Becker & Co., Inc.) 110,837 shares

Scott & Fetzer Co......**Common**
(McDonald & Co. and Kidder, Peabody & Co.) 100,000 shares

Southern Gulf Utilities, Inc......**Common**
(Jaffee, Leverton, Reiner Co.) 135,000 shares

White Shield Corp......**Common**
(Adams & Peck) 110,000 shares

November 17 (Tuesday)

American Telephone & Telegraph Co......**Debens.**
(Bids to be received) $250,000,000

Carwin Co......**Common**
(Putnam & Co.) 48,080 shares

Frantz Manufacturing Co......**Common**
(Blair & Co., Inc.) 190,953 shares

Metropolitan Telecommunications Corp......**Common**
(Lee Co.) $299,799

Northern Properties......**Common**
(Candee & Co. and Peters, Writer & Christensen, Inc.) $750,000

Permian Oil Co......**Debentures**
(Lehman Brothers) $800,000

Permian Oil Co......**Common**
(Lehman Brothers) 100,000 shares

November 18 (Wednesday)

Gibraltar Financial Corp. of California......**Common**
(Kidder, Peabody & Co.) 325,000 shares

Transwestern Pipeline Co......**Debentures**
(Lehman Brothers and Merrill Lynch, Pierce, Fenner & Smith, Inc.) $40,000,000

Transwestern Pipeline Co......**Common**
(Lehman Brothers and Merrill Lynch, Pierce, Fenner and Smith Inc. (2,000,000 shares

November 19 (Thursday)

Atlantic City Electric Co......**Common**
(Eastman Dillon, Union Securities & Co. and Smith, Barney & Co.) 200,000 shares

Electronics Funding Corp......**Common**
(Darius Inc.) $150,000

Superior Manufacturing & Instrument Corp......**Com.**
(D. A. Lomasney & Co.) $240,000

World Publishing Co......**Common**
(Joseph, Mellen & Miller, Inc.) 100,000 shares

November 20 (Friday)

Electro-Sonic Laboratories, Inc......**Common**
(L. D. Sherman & Co.) $300,000

Great Western Financial Corp......**Debentures**
(Offering to stockholders—underwritten by Lehman Brothers) $9,998,800

New York State Electric & Gas Corp......**Common**
(Offering to stockholders—underwritten by The First Boston Corp.; Lehman Brothers; Wertheim & Co. and Merrill Lynch, Pierce, Fenner & Smith Inc.) 467,247 shares

Piedmont Natural Gas Co., Inc......**Preferred**
(Offering to stockholders—underwritten by White, Weld & Co.) 36,237 shares

November 23 (Monday)

Capital Life Insurance & Growth Stock Fund......**Common**
(Shearson, Hammill & Co.) $5,000,000

Consolidated Diesel Electric Corp......**Debentures**
(Van Alstyne, Noel & Co.) $1,000,000

Cracker Barrel Supermarkets, Inc......**Common**
(Diran, Norman & Co.) $300,000

Dashew Business Machines, Inc......**Common**
(Shearson, Hammill & Co.) 150,000 shares

Harman-Kardon, Inc......**Debentures**
(Milton D. Blauner & Co., Inc.) $600,000

Harman-Kardon, Inc......**Common**
(Milton D. Blauner & Co., Inc.) 196,400 shares

Hydromatics, Inc......**Common**
(Paine, Webber, Jackson & Curtis and Tucker, Anthony & R. L. Day) 105,000 shares

Marine Corp......**Debentures**
(Robert W. Baird & Co., Inc.) $5,000,000

Micronaire Electro Medical Products Corp......**Com.**
(General Investing Corp.) 200,000 shares

Micronaire Electro Medical Products Corp......**Wts.**
(General Investing Corp.) 50,000 warrants

National Bellas Hess, Inc......**Debentures**
(Offering to stockholders—underwritten by Stern Bros. & Co.) $5,318,800

National Video Corp......**Common**
(Bache & Co.) 283,307 shares

Potomac Electric Power Co......**Bonds**
(Bids 11 a.m. EST) $15,000,000

(Howard W.) Sams......**Common**
(Indianapolis Bond & Share Corp., Kiser, Cohn & Shumaker, Inc., and Walston & Co.) 88,000 shares

United Marine, Inc......**Common**
(Boenning & Co.) 125,000 shares

United Marine, Inc......**Debentures**
(Boenning & Co.) $1,250,000

November 24 (Tuesday)

Bourns, Inc......**Common**
(Blyth & Co., Inc.) 120,000 shares

Gulf States Utilities Co......**Bonds**
(Bids 11 a.m. EST) $16,000,000

Gulton Industries, Inc......**Common**
(Lehman Brothers and G. H. Walker & Co.) 60,000 shares

Oxford Chemical Corp......**Common**
(Johnson, Lane, Space Corp.; Francis I. du Pont & Co. and The Robinson-Humphrey Co., Inc.) $1,089,125

Red Fish Boat Co......**Common**
(R. A. Holman & Co., Inc.) $300,000

November 30 (Monday)

Financial Federation, Inc......**Common**
(Kidder, Peabody & Co.) 235,000 shares

Hawthorne Financial Corp......**Common**
(William R. Staats & Co.) 165,000 shares

Life Insurance Co. of Florida......**Common**
(Plymouth Bond & Share Corp.) $915,642

Mohawk Business Machines Corp......**Common**
(Myron A. Lomasney & Co.) 30,000 shares

Mohawk Business Machines Corp......**Debentures**
(Myron A. Lomasney & Co.) $600,000

Perrine Industries, Inc......**Debentures**
(S. D. Fuller & Co.) $1,500,000

Seligman & Latz, Inc......**Common**
(F. Eberstadt & Co.) 250,000 shares

Universal Container Corp......**Common**
(Michael G. Kletz & Co.) $670,000

December 1 (Tuesday)

Aircraft Dynamics International Corp......**Common**
(Aviation Investors of America, Inc.) $300,000

Consolidated Edison Co. of New York, Inc......Bonds
(Bids to be invited) $50,000,000

Merry Brothers Brick & Tile Co......**Common**
(Johnson, Lane Space Corp.) $1,248,000

Vance-Sanders & Co., Inc......**Common**
(400,000 shares)

Winkelman Bros. Apparel, Inc......**Common**
(Watling, Lerchen & Co.) 145,000 shares

December 2 (Wednesday)

Middlesex Water Co......**Common**
(Offering to stockholders—underwritten by Kidder, Peabody & Co., Inc.) 29,534 shares

United Control Corp......**Debentures**
(Blyth & Co., Inc.) $2,500,000

December 3 (Thursday)

Arkansas Louisiana Gas Co......**Bonds**
(Eastman Dillon, Union Securities & Co.) $16,000,000

December 4 (Friday)

BarChris Construction Corp......**Common**
(Peter Morgan & Co.) $1,630,000

December 7 (Monday)

Dilberts Leasing & Development Corp......**Debens.**
(Ira Haupt & Co.) $2,500,000

Dilberts Leasing & Development Corp......**Common**
(Ira Haupt & Co.) 600,000 shares

Dynex, Inc......**Common**
(Myron A. Lomasney & Co.) $600,000

Trans-World Financial Co......**Common**
(W. R. Staats & Co.) 655,000 shares

Worcester County Electric Co......**Bonds**
(Bids to be invited) $7,500,000

December 8 (Tuesday)

Arkansas Power & Light Co......**Bonds**
(Bids 11:30 a.m. EST) $15,000,000

Fall River Electric Light Co......**Preferred**
(Bids 11 a.m. EST) $3,000,000

Transitron Electronic Corp......**Common**
(Merrill Lynch, Pierce, Fenner & Smith Inc.) 1,000,000 shares

December 9 (Wednesday)

Missouri Power & Light Co......**Bonds**
(Bids 11 a.m. EST) $4,000,000

New England Power Co......**Preferred**
(Bids to be invited) $10,000,000

December 10 (Thursday)

Dyna-Therm Chemical Corp......**Common**
(Peter Morgan & Co.) $600,000

December 14 (Monday)

Gulf & Western Corp......**Debentures**
(Ira Haupt & Co.) $1,500,000

December 15 (Tuesday)

Johnny-On-the-Spot Central, Inc......**Common**
(Richard Bruce & Co., Inc.) $150,000

January 19 (Tuesday)

Louisiana Gas Service Co......**Bonds**
(Bids to be invited)

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Columbian Financial Development Co.
Aug. 14 filed $1,000,000 of Plans for Investment in Shares in American Industry, of which $500,000 was for Single Payment Investment Plans and $500,000 for Systematic Investment Plans and Systematic Investment Plans With Insurance. **Office**—15 East 40th Street, New York. **Underwriter** — None. **Offering** — Expected some time after Jan. 1, 1960.

● **Combined Electronics, Inc.**
Oct. 30 filed 800,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—For general corporate purposes, inclding expansion, new product development, and working capital. **Office**—135 S. La Salle Street, Chicago, Ill. **Underwriter**—David Johnson & Associates, Inc., Indianapolis, Ind., on a "best efforts" basis.

Commerce Oil Refining Corp.
Dec. 16, 1957 filed $25,000,000 of first mortgage bonds due Sept. 1, 1968, $20,000,000 of subordinated debentures due Oct. 1, 1968 and 3,000,000 shares of common stock to be offered in uints as follows: $1,000 of bonds and 48 shares of stock and $100 of debentures and nine shares of stock. **Price**—To be supplied by amendment. **Proceeds** — To construct refinery. **Underwriter**—Lehman Brothers, New York. **Offering**—Indefinite.

● **Conde Nast Publications, Inc.**
Oct. 30 filed 501,863 shares of common stock (no par) to be offered for subscription by common stockholders. **Price**—To be supplied by amendment. **Proceeds**—To retire $3,500,000 bank loan incurred in connection with the acquisition of Street & Smith Publications, Inc. last August. **Office** — 420 Lexington Ave., New York City. **Underwriter**—None. The registration statement is expected to become effective in late Novenmber.

Conetta Manufacturing Co. (11/16-20)
Sept. 28 filed 100,000 shares of class A common stock (par 10c). **Price**—$4 per share. **Proceeds**—For working capital; to prepay a bank note; and for machinery and equipment. **Office**—73 Sunnyside Avenue, Stamford, Conn. **Underwriter**—Vermilye Bros., New York.

● **Consolidated Development Corp.**
Aug. 28 filed 448,000 shares of common stock (par 20c), of which 1198,000 shares are to be offered to holders of the issuing company's 6% convertible debentures, and 100,000 shares are to be offered to the underwriter, with the remaining 150,000 shares, in addition to those shares described above not subscribed for by the debenture holders and the underwriter, respectively, to be publicly offered. **Price**—For the shares to be offered to the debenture holders, 75c per share, which is equal to the price at which the debentures are convertible into common stock; for the shares to be offered to the underwriter, $1 per share; for the shares to be offered to the public, the price will be related to the current price of the outstanding shares on the American Stock Exchange at the time of the offering.**Proceeds**—For general corporate purposes. **Office** — Calle 23, No. 956, Vedado, Havana, Cuba. **Underwriter**—H. Kook & Co., Inc., New York.

Consolidated Diesel Electric Corp. (11/23-27)
Oct. 29 filed $1,000,000 of 6% convertible subordinated debentures, due Nov. 1, 1975. **Price**—At 100% of principal amount. **Proceeds**—For working capital and the discharge of $187,535 of debts. **Office**—880 Canal Street, Stamford, Conn. **Underwriter**—Van Alstyne, Noel & Co., New York.

Consolidated Edison Co. of New York, Inc. (12/1)
Oct. 30 filed $75,000,000 of first and refunding mortgage bonds, series Q, due Dec. 1, 1989. **Proceeds**—For construction expenditures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp. **Bids**—Expected to be received up to 11 a.m. (EST) on Dec. 1.

★ **Consolidated Supply Co.**
Oct. 27 (letter of notification) 12,000 shares of preferred stock. **Price** — At par ($25 per share). **Proceeds** — To liquidate obligations accruing in the regular course of business, principally those owed to its parent company, Ardeb Farns Co. **Office**—1900 W. Slauson Ave., Los Angeles 47, Calif. **Underwriter**—None.

Consumers Cooperative Association
Nov. 3 filed $5,000,000 of 5½% 25-year subordinated certificates of indebtedness and 120,000 shares of preferred stock (par $25). **Price**—The certificates are to be offered in units of $100; the preferred stock is to be sold at $25 per share. **Proceeds**—To be added to general funds of the association and be used for retiring maturing certificates of indebtedness and for capital expenditures. **Office**—Kansas City, Mo. **Underwriter**—None.

Copymation, Inc. (formerly Peck & Harvey Mfg. Company) (11/16-20)
Sept. 23 (letter of notification) 100,000 shares of common stock (par 50 cents). **Price**—$3 per share. **Proceeds**—To pay bank loans and loans to stockholders and others and for working capital. **Office**—5642-50 North Western Avenue, Chicago 45, Ill. **Underwriter**—Simmons & Co., (handling the books) and Plymouth Securities Corp., both of New York, N. Y.

★ **Coraloc Industries, Inc.**
Oct. 30 (letter of notification) 5,450 shares of common stock (par $5) and 27,250 shares of preferred stock (par $10) to be offered in units of five shares of preferred and one share of common. **Price**—$55 per unit. **Proceeds**—For engineering and technical costs, sales, services, etc. **Office**—494 S. San Vicente Blvd., Los Angeles 48, Calif. **Underwriter**—Edward Lewis Co., Inc., New York, N. Y.

● **Cordillera Mining Co., Grand Junction, Colo.**
Aug. 31 filed 4,234,800 shares of capital stock, of which 2,179,800 shares are to be offered solely to the holders of previously-issued options. These shares, together with the remaining 2,055,000 shares, may be offered for public sale by the holders thereof in the over-the-counter market from time to time. **Price**—To be related to the market price at the time of sale. **Proceeds**—For general corporate purposes. including working capital. **Underwriter**—None. Statement effective Nov. 4.

Cornbelt Insurance Co., Freeport, Ill.
Sept. 29 filed 200,000 shares of common stock to be offered for subscription by common stockholders of record Sept. 15, 1959, at the rate of four new shares for each 10 shares then held. Unsubscribed shares may be offered publicly. **Price**—$4 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—None, but brokers and dealers who join in the distribution will receive commission of 40 cents per share.

Cornbelt Life Co.
Sept. 29 filed 100,000 shares of common stock, to be offered to stockholders of record Sept. 15 on the basis of one share for each share then held. **Price**—$4.50 per share. **Proceeds**—To be credited to stated capital and paid-in surplus. **Office**—12 North Galena Avenue, Freeport, Ill. **Underwriter**—None.

Cracker Barrel Supermarkets, Inc. (11/23-27)
Sept. 25 (letter of notification) 120,000 shares of common stock (par 10 cents). **Price**—$2.50 per share. **Proceeds**—For general corporate purposes. **Office**—84-16 Astoria Blvd., Queens, L. I., N. Y. **Underwriter**—Diran, Norman & Co., New York.

Crusader Oil & Gas Corp., Pass Christian, Miss.
May 26 filed 1,500,000 shares of common stock, of which 641,613 shares will be offered on a one-for-one basis to stockholders of record May 15, 1959. The remaining 858,387 shares will be offered publicly by the underwriter on a "best efforts" basis. **Price**—To be supplied by amendment. **Proceeds**—For repayment of notes and for working capital. **Underwriter** — To be supplied by amendment.

★ **Dallas Power & Light Co.**
Nov. 10 filed $20,000,000 of first mortgage bonds, due 1989. **Proceeds**—To repay short-term borrowings from Texas Utilities Co., the parent company, which amounted to $12,500,000 on Sept. 30, with the balance to be used for general corporate purposes, including construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Salomon Bros. & Hutzler; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Eastman Dillon, Union Securities & Co.; Blair & Co., Inc. and Baxter & Co. (jointly); Lehman Brothers.

Dashew Business Machines, Inc. (11/23-27)
Oct. 22 filed 150,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—For purchasing of equipment, expansion, and working capital. **Underwriter** — Shearson, Hammill & Co., New York.

Dayton Aviation Radio & Equipment Corp.
Sept. 28 filed 201,050 shares of common stock, of which 190,871 shares are to be offered to holders of outstanding stock as of the record date on the basis of one new share for each four shares then held. **Price**—$1.50 per share. **Proceeds**—To finance government contracts, reduce accounts payable, and increase working capital. **Office**—South Dixie Highway, Troy, Ohio.

Deluxe Aluminum Products, Inc.
Oct. 15 filed $330,000 of convertible debentures, and 70,000 shares of common stock. **Price**—For the debentures, 100% of principal amount; for the stock, $5 per share. **Proceeds**—From 10,000 shares of the common stock, to the present holders thereof; from the rest of the offering, to the company to be used for expansion and as working capital. **Office**—6810 S. W. 81st St., Miami, Fla.

Denab Laboratories, Inc.
July 31 filed 50,000 shares of common stock (par $2.50). **Price**—$10 per share. **Proceeds**—For general corporate purposes, including salaries, cars, promotion, inventory, the establishment of branch offices, expenses incidental to obtaining permission to do business in other states, and the establishment of a contingency reserve. **Office**—1420 East 18th Avenue, Denver, Colo. **Underwriter**—None.

★ **De Ville Co.**
Oct. 27 (letter of notification) Pre-formation limited partnership interests in an aggregate amount of $295,000 to be offered in units of $5,000. **Proceeds**—For working capital. **Office**—555 Fifth Ave., New York 17, N. Y. **Underwriter**—None.

Digitronics Corp. (11/16-20)
Sept. 25 filed 65,877 shares of capital stock (par 10 cents) to be offered to the holders of outstanding shares of such stock on the basis of one new share for each five shares held. **Price** — To be supplied by amendment. **Proceeds** — For general corporate purposes. **Office** — Albertson, L. I., N. Y. **Underwriter**—Granbery, Marache & Co., New York City.

● **Dilberts Leasing & Development Corp. (12/7-11)**
June 11 filed $4,400,000 (subsequently reduced to $2,500,000) of 20-year convertible debentures, due July 15, 1979 and 1,056,000 shares (subsequently reduced to 600,000 shares) of common stock (par 1c) to be offered in units consisting of $50 principal amount of debentures and 12 shares of common stock. Dilberts Leasing & Development Corp. expects to file a new statement next week. Debentures are guaranteed as to principal and interest by Dilbert's Quality Supermarkets Inc., the parent company. **Price** — $51.20 per unit. **Proceeds** — For repayment of notes; to develop and construct shopping centers and a super-market under existing purchase contracts and for working capital. **Name Changed** — Company formerly known as Dilbert's Properties, Inc. **Office**—93-02 151st Street, Jamaica, N. Y. **Underwriter**—Ira Haupt & Co., New York.

Diversified Communities, Inc.
Sept. 25 filed 367,200 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For acquisition of Hope Homes, Inc., Browntown Water Co. and Cantor & Goldman Builders, Inc., with the balance to be used as working capital. **Office**—29A Sayre Woods Shopping Center, Madison Township, P. O. Parlin, N. J. **Underwriter**—Lee Higginson Corp., New York.

● **Don Mott Associates, Inc.**
Oct. 27 filed 161,750 shares of class B, non-voting, common stock (par $5). **Price**—$10 per share. **Proceeds**—For general corporate purposes, including payment on a building and the financing of loans. **Office**—Orlando, Fla. **Underwriter**—Leon H. Sullivan, Inc., Philadelphia, Pa., on a "best efforts" basis.

Dorsett Laboratories, Inc.
Oct. 2 (letter of notification) $160,000 of 10-year 6% convertible subordinated debentures. Debentures are convertible into common stock at $4 per share up to and including Nov. 1, 1962; thereafter at $8 per share up to and including Nov. 1, 1965 and thereafter at $12 per share. **Price**—At face amount. **Proceeds**—To reduce notes payable, to purchase facilities and equipment, and for working capital. **Office**—401 E. Boyd St., Norman, Okla. **Underwriter**—None.

Drexelbrook Associates
May 22 filed $2,000,000 of partnership interests, to be offered in units. **Price**—$10,000 per unit. **Proceeds**—To be used for various acquisitions. **Office** — Broad & Chestnut Streets, Philadelphia, Pa. **Underwriter**—None.

★ **Dutron Corp.**
Nov. 5 filed 118,030 shares of common stock (no par), of which 100,000 shares are to be offered for the account of the issuing company and 18,030 shares, representing outstanding stock, to be offered for the account of the present holders thereof. **Price** — To be supplied by amendment. **Proceeds**—For general corporate purposes, including the purchase of equipment, addition to working capital, and the redemption of the preferred stock of a subsidiary. **Office**—607 Irwin St., San Rafael, Calif. **Underwriter**—J. Barth & Co., New York.

Dyna-Therm Chemical Corp. (12/10)
Oct. 28 filed 200,000 shares of capital stock (par $1). **Price**—$3 per share. **Proceeds**—To purchase stock of subsidiaries, for payment of loans, and for working capital. **Office** — Culver City, Calif. **Underwriter** — Peter Morgan & Co., New York City.

● **Dynex, Inc. (12/7-11)**
Aug. 6 filed 120,000 shares of common stock (par 25 cents). **Price**—$5 per share. **Proceeds**—For general corporate purposes, including product research, the purchase of new equipment, and expansion. **Office** — 123 Eileen Way, Syosset, L. I., N. Y. **Underwriter**—Myron A. Lomasney & Co., New York.

E. H. P. Corp.
Aug. 31 filed 160,000 shares of capital stock (par 10c), of which 100,000 shares are to be publicly offered. **Price**—$2.50 per share. **Proceeds** — To provide funds for the purchase of vending machines which will be used to distribute automobile breakdown insurance policies on thruways, parkways and highways in the amount of $25 of such breakdown insurance for the purchase price of 25 cents, and for a public relations and publicity program. **Office**—Hotel Troy Building, Troy, New York. **Underwriter**—John R. Boland & Co., Inc., New York. **Offering**—Expected during the next two months.

ESA Mutual Fund, Inc.
June 29 filed 2,000,000 shares of capital stock. **Price**—To be supplied by amendment. **Proceeds**—For investment. **Investment Adviser**—Yates, Heitner & Woods, St. Louis, Mo. **Underwriter**—ESA Distributors, Inc., Washington, D. C. **Office**—1028 Connecticut Avenue, N. W., Washington, D. C.

Electronics Development, Inc. (11/16-20)
Sept. 25 filed 115,459 shares of common stock (par 10c). **Price**—$3.50 per share. **Proceeds**—For plant erection, advertising, research and development, and working capital. **Office** — Gill and West College Streets, State College, Pa. **Underwriter**—First Broad Street Corp., 50 Broad St., New York.

Electronics Funding Corp. (11/19)
Oct. 19 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Business** — Sales and leaseback of special and staple machinery and equipment for the American electronics industry. **Office** — c/o Darius Inc., 90 Broad Street, New York 4, N. Y. **Underwriter**—Darius Inc., New York, N. Y.

● **Electro-Sonic Laboratories, Inc. (11-20)**
Aug. 14 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To retire outstanding bank loan; to increase inventories; for sales and promotional activities; to improve production facilities and to acquire new and improved tools and machinery; for development and research and for working capital. **Office** — 35—54 Thirty-sixth St., Long Island City, N. Y. **Underwriter**—L. D. Sherman & Co., New York, N. Y.

Enflo Corp.
Sept. 30 filed 125,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—Maple Shade, N. J. **Underwriters**—D. Gleich Co. and Aetna Securities Corp., both of New York.

Equity Annuity Life Insurance Co.
April 21 filed $1,000,000 of Variable Annuity Policies. **Price**—No less than $120 a year for annual premium contracts and no less than $1,500 for single premium contracts. **Proceeds**—For investment, etc. **Office**—2480 16th Street, N. W., Washington, D. C. **Underwriter**—None.

★ **Executives Management Association, Inc.**
Oct. 27 (letter of notification) $50,000 of two-year promissory notes to be offered in denominations of $100 and $200. **Price**—At par. **Proceeds**—To purchase additional sales contracts. **Office**—12 S. 12th Street, Philadelphia 7, Pa. **Underwriter**—Fine Arts Sterling Silver Co., Jenkintown, Pa.

Fall River Electric Light Co. (12/8)
Oct. 22 filed 30,000 shares of preferred stock (par $100). **Proceeds**—To be used for prepayment of the company's short-term bank loans which amounted to $2,800,000 at Oct. 19, 1959 and the balance will be used for construction purposes. **Underwriters**—To be determined by competitive bidding. Probable bidders: Stone & Webster Securities Corp.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Eastman Dillon, Union Securities & Co. **Bids**—Expected to be received up to 11 a.m. (EST) on Dec. 8, 1959 at the offices of the company, 49 Federal Street, 8th Floor, Boston, Mass.

Faradyne Electronics Corp.
Sept. 1 filed 230,000 shares of common stock (par five cents) of which 200,000 shares are to be publicly offered. **Price**—$5 per share. **Proceeds**—For general corporate purposes, including plant expansion, improvement and equipment. **Office** — 744 Broad St., Newark, N. J. **Underwriters** — Netherlands Securities Co., Inc. (handling the books) and Herbert Young & Co., Inc. (jointly); Morris Cohon & Co.; Schrijver & Co.; Richard Bruce & Co., Inc., all of New York. **Offering**—Expected in November.

★ **Fed-Mart Corp.**
Nov. 6 filed $3,000,000 of 6% subordinated debentures, due Dec. 1, 1979, convertible through Nov. 30, 1969. **Price**—To be supplied by amendment. **Proceeds**—For intermediate- and long-term capital requirements. **Office**—8001 Othello Street, San Diego, Calif. **Underwriter**—Eastman Dillon, Union Securities & Co., New York.

★ **Financial Federation, Inc. (11/30-12/4)**
Nov. 6 filed 235,000 shares of capital stock ($1 par). **Price**—To be supplied by amendment. **Proceeds**—Mostly for the repayment of short-term notes, with the balance for working capital. **Office**—5150 Wilshire Boulevard, Los Angeles, Calif. **Underwriter**—Kidder, Peabody & Co., New York.

Financial Industrial Income Fund, Inc.
July 22 filed 1,000,000 shares of common capital stock **Price**—At market. **Proceeds**—For investment. **Office**—950 Broadway, Denver, Colo. **General Distributor**—FIF Management Corp., Denver, Colo.

● **First Financial Corp. of the West (11/16)**
Sept. 28 filed 120,000 shares of capital stock (without par value), of which 100,000 shares are to be offered for the account of the selling stockholders, and 20,000 shares will be sold for the company's account. **Price** — To be supplied by amendment. **Proceeds**—To prepay the remaining balance of and accrued interest on an outstanding term loan. **Underwriter**—William R. Staats & Co., Los Angeles and San Francisco, Calif.

★ **First Mutual Securities of America, Inc.**
Nov. 9 filed (by amendment) $1,030,000 of three types of payment plans for the accumulation of shares of Research Investing Corp. **Office**—630 Third Ave., New York City.

First Northern-Olive Investment Co.
Aug 17 filed 20 partnership interests in the partnership Similar filings were made on behalf of other Northern-Olive companies, numbered "second" through "eighth." **Price**—$10,084 to $10,698 per unit. **Proceeds**—To purchase land in Arizona. **Office**—1802 North Central Ave., Phoenix, Ariz. **Underwriter**—O'Malley Securities Co., Phoenix. Statement effective Oct. 9.

● **First United Life Insurance Co.**
Sept. 28 filed 158,236 shares of common stock, to be offered to common shareholders of record Oct. 15 at the rate of one new share for each four shares then held; rights to expire on or about Dec. 2. **Price**—$5 per share. For company reserves and expansion. **Office** — 475-79 Broadway, Gary, Ind. **Underwriter**—None.

Formula 409, Inc.
Oct. 29 filed 300,000 shares of common stock (no par). **Price**—$1.50 per share. **Proceeds**—For advertising, reduction of indebtedness, bottling equipment, payment of $44,000 for acquisition of formula 409, a liquid degreaser, and office equipment. **Office**—10 Central Street, West Springfield, Mass. **Underwriter**—DiRoma, Alexik & Co., Springfield, Mass.

● **Frantz Manufacturing Co. (11/17)**
Sept. 11 filed 190,953 outstanding shares of common stock, (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Business**—Company is engaged in the design, development, production and distribution of builders' hardware, primarily overhead type garage door hardware. **Office**—301 West 3rd St., Sterling, Ill. **Underwriter**—Blair & Co. Inc., New York.

● **Fredonia Pickle Co., Dunkirk, N. Y.**
July 29 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Underwriter** — Summit Securities, Inc., New York. **Offering**—Expected in about two weeks.

Frontier Refining Co. (11/16-20)
Oct. 16 filed $6,000,000 of 6% convertible subordinated debentures dated Nov. 1, 1959 and due Oct. 31, 1959. **Price**—At 106% of principal amount plus accrued interest from Nov. 1, 1959 to date of delivery. **Proceeds**—To purchase the common stock of Western States Refining Co. **Office**—4040 E. Louisiana Avenue, Denver, Colo. **Underwriters**—J. A. Hogle & Co., Salt Lake City, Utah, and Garrett-Bromfield & Co., and Peters, Writer & Christensen, Inc., both of Denver, Colo.

★ **Garden Land Co., Ltd.**
Nov. 9 filed 200,000 shares of common stock (par $1). **Price** — To be supplied by amendment. **Proceeds** — For land conversion and improvement in California, with the balance to be added to working capital. **Office** — 17315 Sunset Boulevard, Pacific Palisades, Calif. **Underwriter**—Hill, Darlington & Co., New York City. **Offering**—Expected sometime during the middle of December.

Gas Hills Uranium Co.
Oct. 28 filed 6,511,762 shares of common stock, of which 3,990.161 are to be offered for sale. The remaining 2,521,601 shares are owned or underlie options owned by officers and/or directors, affiliates, and associates of the issuing company. Of the shares to be sold, 415,000 shares are to be offered to holders of the outstanding common at the rate of one new share for each 20 shares held; 500,000 shares are to be offered in exchange for properties and services; 326,883 shares are to be offered to certain holders of the company's convertible promissory notes; and 2,748,278 shares are to be offered for the account of selling stockholders, of which number 655,500 shares represent holdings of management officials and affiliated persons. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the repayment of indebtedness. **Office** — 604 South 18th Street, Laramie, Wyo. **Underwriter**—None.

● **Gateway Airlines, Inc.**
Aug. 31 filed 400,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds** — For general corporate purposes, including the purchase of airplanes, spare parts, and equipment, the retirement of debt, and the increase of working capital. **Office** — MacArthur Field, Islip, L. I., N Y **Underwriter**—Dunne & Co., New York. **Offering**—Expected any day.

★ **General Alloys Co.**
Oct. 27 (letter of notification) 15,000 shares of common stock (par $1). **Price**—To be related to the market price on the American Stock Exchange at time of offering. **Proceeds**—To go to selling stockholders. **Office**—367-405 W. First St., Boston, Mass. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston, Mass.

★ **General Coil Products Corp.**
Oct. 29 (letter of notification) 99,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For automation of operations; working capital; additional equipment and machinery and research and development. **Office**—147-12 Liberty Ave., Jamaica, N. Y. **Underwriter**—A. T. Brod & Co., New York, N. Y.

General Finance Corp.
Sept. 11 filed 150,000 shares of common stock. **Price**—$3 per share. **Proceeds**—For working capital, with $15,000 being allocated for lease improvements and equipment and supplies. **Office** — Santurce, Puerto Rico. **Underwriter**—Caribbean Securities Co., Inc., Avenida Condado 609, Santurce, Puerto Rico.

● **General Flooring Co., Inc. (11/16-20)**
Sept. 14 filed $1,500,000 of 6½% debentures (par one cent) dated Oct. 1, 1959 and due Oct. 1, 1969, and 270,000 shares of common stock to be offered in units of $100 principal amount of debentures and 18 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the reduction of indebtedness and the purchase and installation of machinery and equipment. **Address**—P. O. Box 8169 New Orleans, La. **Underwriters** — H. M. Byllesby & Co., Inc., Chicago, Ill.; Howard, Weil, Labouisse, Friedrichs and Co., New Orleans, La., and Mason-Hagan, Inc., Richmond, Va.

General Underwriters Inc.
April 6 (letter of notification) 225,000 shares of common capital stock (par 25 cents). Of the total, 195,000 shares are to be offered for the account of the company and 30,000 shares for a selling stockholder. **Price**—$1 per share. **Proceeds**—For furniture inventory and improved merchandising methods, to finance the real estate department and insurance policy loans. **Office**—211-215 Pine St., Pine Bluff, Ark. **Underwriter**—Lovan Securities Co., Inc., Pine Bluff, Ark.

● **Giant Food Inc. (11/13)**
Oct. 13 filed 200,000 shares of class A common stock (non-voting) (par $1). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—Landover, Md. **Underwriters** — Auchincloss, Parker & Redpath, Washington, D. C., and Kidder, Peabody & Co., New York.

● **Gibraltar Financial Corp. of California (11/18)**
Oct. 19 filed 325,000 shares of outstanding capital stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—9111 Wilshire Bouvelard, Beverly Hills, Calif. **Underwriter**—Kidder, Peabody & Co., New York.

Gold Medal Packing Corp.
June 18 filed 572,500 shares of common stock (par one cent), and 50,000 common stock purchase warrants. Of the shares 400,000 will be sold for the account of the company; 110,000 by certain stockholders; 12,500 for the underwriter; and the remaining 50,000 shares are purchasable upon exercise of the warrants. **Price**—$1.25 per share. **Proceeds**—For repayment of debt; purchase of equipment and facilities and other general corporate purposes. **Office**—614 Broad St., Utica, N. Y. **Underwriter**—Mortimer B. Burnside & Co., New York **Name Change** — Formerly Eastern Packing Corp. **Offering** — Expected in late November.

Gold Medal Studios, Inc.
Sept. 18 filed 500,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes, including the purchase of additional studio equipment, investing in properties in the entertainment field, and the provision of funds for a down payment on another building or buildings. **Office**—807 E. 175th Street, New York, N. Y. **Underwriter**—Arnold Malkan & Co., Inc., New York.

Granco Products, Inc.
Oct. 21 (letter of notification) 42,860 warrants and 60,000 shares of common stock (par 50 cents). **Price**—Of warrants, at the market (approximately $2.50 per warrant); of the stock, at the market (approximately $4.50 per share). **Proceeds**—For general corporate purposes. **Office**—36-17 20th Ave., Long Island City, N. Y. **Underwriter**—John R. Boland & Co., Inc., New York, N. Y.

Great Lakes Bowling Corp.
Aug. 31 filed 120,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the development of bowling lanes, bars, and restaurants on various Michigan properties. **Office**—6336 Woodward Ave., Detroit, Mich. **Underwriter**—Straus, Blosser & McDowell, Chicago, Ill. **Offering**—Expected sometime after Jan. 1, 1960.

★ **Great Northern Life Insurance Co.**
Oct. 28 (letter of notification) 99,236 shares of common stock (par $1) to be offered for subscription by stockholders of record, on the basis of one new share for each 2½ shares held. Warrants are to expire during November, 1959. The unsubscribed shares are to be offered to the public through the underwriter at not less than the subscribed price nor more than the highest over-the-counter market price. **Price**—$3 per share. **Proceeds**—For expansion. **Office** — 119 W. Rudisill Blvd., Fort Wayne, Ind. **Underwriter** — Northwestern Investments, Inc., 502 Gettle Bldg., Ft. Wayne, Ind.

Great Western Financial Corp. (11/20)
Oct. 19 filed $9,998,800 of convertible subordinated debentures, due 1974, to be offered for subscription by common stockholders of record Nov. 20, 1959 (with a 14 day standby), on the basis of one new debenture for each 22 shares then held; rights to expire on or about Dec. 4. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the reduction of indebtedness. **Office** — 4401 Crenshaw Blvd., Calif. **Underwriter**—Lehman Brothers, New York.

★ **Greater Washington Industrial Investments, Inc.**
Nov. 4 filed 20,500 shares of common stock (par $1). **Price**—$8.50 per share. **Proceeds** — For investments in small businesses. **Office**—1625 Eye St., N. W., Washington, D. C. **Underwriter**—None.

Green River Production Corp.
Oct. 15 (letter of notification) 200,000 shares of common stock (par 50 cents). **Price**—$1.50 per share. **Proceeds**—For expenses for exploring for oil and gas. **Office**—212 Sixth Ave., South, Nashville, Tenn. **Underwriter**—Crescent Securities Co., Inc., Bowling Green, Ky.

Growth Fund of America, Inc.
Feb. 4 filed 250,000 shares of common stock (par 10 cents). **Price**—At market. **Proceeds**—For investment. **Office** — 1825 Connecticut Avenue, Washington, D. C. **Investment Advisor** — Investment Advisory Service, Washington, D C **Underwriter**—Investment Management Associates, Inc., Washington, D. C. The statement became effective July 24.

Guaranty Insurance Agency, Inc.
See, Mortgage Guaranty Insurance Corp., below.

Gulf States Utilities Co. (11/24)
Oct. 13 filed $16,000,000 of series A first mortgage bonds due 1989. **Proceeds** — To pay off existing short-term notes due Dec. 1, 1959, issued under revolving credit agreements to provide funds for construction purposes, of which it is estimated $6,000,000 will be outstanding prior to the date of sale of the new bonds, and the balance will be used to carry forward the company's construction program and for other corporate purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith Inc. and White, Weld & Co. (jointly); Stone & Webster Securities Corp.; Salomon Bros. & Hutzler and Eastman Dillon, Union Securities & Co. (jointly). **Bids**—Expected to be received up to 11 a.m. (EST) on Nov. 24 at the office of The Hanover Bank, Room A, 70 Broadway, New York 15, N. Y.

★ **Gulf & Western Corp. (12/14-18)**
Nov. 5 filed $1,500,000 of 6% convertible subordinated debentures, due Nov. 15, 1974. **Price**—To be supplied by amendment. **Proceeds**—Initially for working capital, and, as required, to finance increased inventories and accounts receivable on behalf of subsidiaries. **Office**—4615 Empire State Bldg., New York. **Underwriter**—Ira Haupt & Co., New York City.

Gulton Industries, Inc. (11/24)
Oct. 22 filed 60,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—212 Durham Ave., Metuchen, N. J. **Underwriters**—Lehman Brothers and G. H. Walker & Co., both of New York City.

Harman-Kardon, Inc. (11/23-27)
Oct. 22 filed $600,000 of 6½% subordinated convertible debentures due December 1969, and 196,400 shares of common stock (par 25 cents), of which the debentures are to be offered for the account of the issuing company and 80,000 shares of the common stock are to be offered for the account of its President, Sidney Harman. Of the 116,400 common shares remaining, 20,000 are being registered under a restricted stock option plan, 4,000 are

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being reserved for key employees pursuant to stock options, and 92,400 are being reserved for debenture conversion. **Proceeds**—For reduction of bank loans and general corporate purposes including new plant and equipment. **Office**—Westbury, L. I., N. Y. **Underwriter**—Milton D. Blauner & Co., Inc., New York City.

Harnischfeger Corp.
Aug. 28 filed 200,000 shares of common stock (par $10) **Price**—To be related to the market price of outstanding shares on the American Stock Exchange at the time of the offering. **Proceeds** — In part to repay outstanding unsecured short-term bank loans, expected to approximate $4,000,000, with the balance to be used for general corporate purposes. **Office** — 4400 W. National Ave., Milwaukee, Wis. **Underwriter**—The First Boston Corp., New York. **Offering**—Indefinitely postponed due to market conditions.

★ **(H. M.) Harper Co.**
Nov. 6 filed 100,000 shares of common stock (par $1), of which 60,000 shares are being offered for the account of the issuing company, and 40,000 shares are being offered for the accounts of the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office** — Morton Grove, Ill. **Underwriter**—Blunt Ellis & Simmons, Chicago, Ill **Offering**—Expected in mid-December.

Hawthorne Financial Corp. (11/30-12/3)
Oct. 22 filed 165,000 shares of outstanding common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office** — 301 South Hawthorne Blvd., Hawthorne, Calif. **Underwriter**—William R. Staats & Co., Los Angeles, Calif.

● **Hickerson Bros. Truck Co., Inc.**
March 11 (letter of notification) 285,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To pay existing liabilities; for additional equipment; and for working capital. **Office**—East Tenth Street, P. O. Box 68, Great Bend. Kan. **Underwriter**—Birkenmayer & Co., Denver, Colo. **Offering**—Expected shortly.

Housatonic Public Service Co.
Oct. 23 filed 76,642 shares of common stock (par $15) to be offered for subscription by common stockholders on the basis of one new share for each five shares held. **Price**—To be supplied by amendment. **Proceeds**—For construction, including the payment of short-term loans incurred for this purpose. **Office**—33 Elizabeth Street, Derby, Conn. **Underwriters** — Allen & Co., New York. and Bacon, Whipple & Co., Chicago, Ill. **Offering**—Expected sometime this month.

Hycon Manufacturing Co.
Aug. 28 filed 126,316 shares of common stock, which were issued to Avco Corp. on Dec. 8, 1958, at $2.375 per shares, and which will now be publicly offered by Avco. **Price**—To be related to the prices prevailing in the over-the-counter market at the time, or times, the stock is sold. **Office**—1030 South Arroyo Parkway, Pasadena. Calif. **Underwriters**—The offering will be made through registered brokers and dealers who are NASD members.

● **Hydromatics, Inc. (11/23-27)**
Oct. 20 filed 105,000 shares of common stock (par $1). of which 80,000 shares are to be offered for the account of company, and 25,000 shares are to be offered for the accounts of the present holders thereof. **Price** — To be supplied by amendment. **Proceeds**—For working capital. **Office**—Livingston, N. J. **Underwriters**—Paine, Webber, Jackson & Curtis, and Tucker, Anthony & R. L. Day, both of New York.

I C Inc.
June 29 filed 600,000 shares of common stock (par $1) **Price**—$2.50 per share. **Proceeds**—To further the corporate purposes and in the preparation of the concentrate and enfranchising of bottlers, the local and national promotion and advertising of its beverages, and where necessary to make loans to such bottlers, etc. **Office**—704 Equitable Bldg., Denver, Colo. **Underwriters**— Purvis & Co. and Amos C. Sudler & Co., both of Denver Colo.

● **Indiana Gear Works, Inc.**
Oct. 8 filed 100,000 shares of common stock (stated value $2) of which, 25,000 shares are to be offered to employees, and the remaining 75,000 shares are to be offered to the public. The public offering will include any shares not subscribed for by the employees. **Price**—To be supplied by amendment. **Proceeds**—To partially retire bank loans, which were used for acquisition of fixed assets and working capital. **Office**—1458 E. 19th St., Indianapolis, Ind. **Underwriter**—City Securities Corp., Indianapolis. **Offering**—Statement expected to become effective today (Nov. 12).

Industrial Leasing Corp.
June 1 (letter of notification) $200,000 subordinated convertible 6% debentures ($1,000 denomination) and $50,000 subordinated convertible 6% debentures ($500 denomination). **Price**—100% of principal amount. **Proceeds**—For working capital. **Office**—522 S. W. 5th Avenue, Portland 4 Ore **Underwriter**—May & Co., Portland, Ore. Clearance date was June 9.

Inland Western Loan & Finance Corp.
Sept. 24 filed $1,000,000 of 6% capital debentures. **Price**—To be supplied by amendment. **Proceeds**—To discharge loans from banks and from the Commercial Life Insurance Co.; to furnish operating capital for subsidiaries; and to establish new subsidiaries or branches of already existing ones. **Office**—10202 North 19th Ave., Phoenix, Ariz. **Underwriter**—The underwriters, if any, will be named by amendment.

Integrand Corp.
Oct. 13 filed 85,000 shares of common stock (par 5c). **Price**—$4 per share. **Proceeds** — For general corporate purposes, including the redemption of outstanding preferred stock and new plant equipment. **Office**—Westbury, L. I., N. Y. **Underwriter**—DiRoma, Alexik & Co., Springfield, Mass.

● **Intercontinental Metals, Ltd.**
Oct. 7 filed 133,000 shares of common stock (par 10c) **Price**—$3 per share. **Proceeds**—To be added to working capital in order to enable company to exercise options on motels and/or parcels of land. **Office**—Martinsville, Va. **Underwriter** — G. Everett Parks & Co., Inc., 52 Broadway, New York City. **Offering**—Expected sometime after Nov. 25.

Inter-Island Resorts, Ltd.
Sept. 10 filed 99,000 shares of common stock (par $3) being offered first to stockholders on the basis of one new share for each four shares held of record Oct. 10, 1959; rights to expire on Nov. 30. **Price**—$5.50 per share. **Proceeds**—For construction of a new hotel at Kalapaki Bay, on the Island of Kauai. **Office**—305 Royal Hawaiian Ave., Honolulu, Hawaii. **Underwriter**—None.

International Bank, Washington, D. C.
Dec. 29 filed $5,000,000 of notes (series B, $500,000, two year, 3% per unit; series C, $1,000,000, four-year 4% per unit; and series D, $3,500,000, 6-year, 5% per unit). **Price**—100% of principal amount. **Proceeds** — For working capital. **Underwriter**—Johnston, Lemon & Co., Washington, D. C. **Offering**—Indefinitely postponed.

International Tuna Corp.
Aug. 11 (letter of notification) 175,000 shares of class A common stock (par 50 cents). **Price** — $1 per share. **Proceeds**—For equipment and working capital. **Office**—Pascagoula, Miss. **Underwriter**—Gates, Carter & Co Gulfport, Miss.

Investment Trust for the Federal Bar Bldg.
Aug. 14 filed 500 Beneficial Trust Certificates in the Trust. **Price**—$2,600 per certificate. **Proceeds**—To supply the cash necessary to purchase the land at 1809-15 H St., N. W., Washington, D. C., and construct an office building thereon. **Office**—Washington, D. C. **Underwriters**—Hodgdon & Co. and Investors Service, Inc., both of Washington, D. C., and Swesnick & Blum Securities Corp.

Irando Oil & Exploration, Ltd.
April 24 filed 225,000 shares of common stock. **Price**—90 cents per share. **Proceeds**—To defray the costs of exploration and development of properties and for the acquisition of other properties; also for other corporate purposes. **Office**—1950 Broad St., Regina. Sask., Can. **Underwriter** — Laird & Rumball, Regina, Sask., Can.

Israel Development Corp.
Sept. 22 filed 200,000 shares of common stock (par $25). **Price**—$27.50 per share, payable in cash or State of Israel Independence Issue or Development Issue bonds. **Proceeds**—For general corporate purposes. **Office**—17 E. 71st Street, New York City. **Underwriter**—None.

Jocelyn-Varn 1960 Oil Associates
Sept. 28 filed 100 units of oil and gas exploration agreements. **Price**—$20,000 per unit. **Proceeds**—For locating. developing, and administering oil and gas producing properties. **Office**—310 KFH Building, Wichita, Kan. **Underwriter**—None.

Johnny-On-The-Spot Central, Inc. (12/15)
Oct. 28 (letter of notification), 30,000 shares of common stock (par 25 cents). **Price**—$5 per share. **Proceeds**—For general corporate purposes. **Office** — 830 Central Ave., Scarsdale, N. Y. **Underwriter**—Richard Bruce & Co., Inc., New York, N. Y.

Kentucky Central Life & Accident Insurance Co.
Aug. 28 filed 81,717 shares of common stock, of which Kentucky Finance Co., Inc. will offer its stockholders 51,000 shares. **Price**—Of 30,717 shares, $115 each; and of 51,000 shares, $116 each. **Proceeds**—To selling stockholders. **Office**—Anchorage, Ky. **Underwriter**—None.

Kilroy (W. S.) 1960 Co.
June 8 filed $3,500,000 of Participating Interests under Participant Agreements in the company's 1960 Oil and Gas Exploration Program, to be offered in amounts of $25,000 or more. **Proceeds**—Acquisition of undeveloped oil and gas properties. **Office**—2306 Bank of the Southwest Bldg., Houston Texas. **Underwriter**—None.

Kittanning Telephone Co., Kittanning, Pa.
Aug. 24 filed 14,000 shares of common stock, to be offered by subscription to holders of outstanding common stock on the basis of approximately 0.212 new shares for each share held. **Price**—$25 per share. **Proceeds**—In part to repay a bank loan in the amount of $450,000 representing funds acquired for general modernization, improvement, and expansion. **Underwriter**—None.

Lenahan Aluminum Window Corp.
July 28 filed 157,494 shares of common stock (par 50c), being offered for the first 15 days of the offering on a pro rata basis, to stockholders on the basis of one new share for each two shares held on Nov. 2, 1959; rights to expire on or about Nov. 20. **Price**—$4 per share to stockholders; $5 to public. **Proceeds**—For inventory and for working capital. **Office**—Jacksonville, Fla. **Underwriter**—Plymouth Bond & Share Corp., Miami, Fla.

Lenkurt Electric Co.
Aug. 31 filed 10,000 outstanding shares of class B common stock. **Price**—$83.31 per share. **Proceeds**—To selling stockholder. **Office** — 1105 County Road, San Carlos, Calif. **Underwriter**—None.

★ **Libby, McNeill & Libby**
Oct. 29 (letter of notification) 27,586 shares of common stock (par $7) to be offered to salaried employees of the company or subsidiaries under the Employees Stock Purchase Plan in blocks of 25 shares or multiples thereof. **Price**—At-the-market on the New York Stock Exchange, Midwest Stock Exchange, or Pacific Coast Stock Exchange. **Proceeds**—To reimburse the company for stock purchased on the market. **Office**—200 S. Michigan Avenue, Chicago 4, Ill. **Underwriter**—None.

Life Insurance Co. of Florida (11/30-12/4)
Sept. 28 filed 203,476 shares of common stock (par $1). **Price**—$4.50 per share. **Proceeds**—For expansion. **Office**—2546 S. W. 8th St., Miami, Fla. **Underwriter**—Plymouth Bond & Share Corp., Miami.

M. & S. Oils Ltd.
May 11 filed 350,000 shares of common stock. **Price**—60 cents per share. **Proceeds** — For exploration, development and acquisitions. **Office**—5 Cobbold Block, Saskatoon, Saskatchewan, Canada. **Underwriter** — Cumberland Securities Ltd., Regina, Saskatchewan, Canada.

Magnuson Properties, Inc.
June 29 filed 500,000 shares of class A common stock (amended on Aug. 24 to 150,000 shares of 6½% cumulative convertible preferred stock, par $10), and 150,000 shares of class A common stock, par $1, with common stock purchase warrants. Each share of class A common stock carries one warrant entitling the registered holder to purchase one share of such common stock at an initial price of $11 per share. **Price**—For preferred, at par; and for class A, $10.10 per share. **Proceeds**—$291,099 is to be expended during the period ending Aug. 31, 1960 for mortgage payments and releases; $465,000 will be paid on notes acquired by members of the Magnuson family in the transfers of subsidiaries and properties to the company; $106,000 will be used to close certain options and purchase contracts covering lands in the Melbourne-Cape Canaveral area; the balance will be added to the general funds of the company and used for general corporate purposes. **Office**—20 S. E. 3rd Ave., Miami, Fla. **Underwriter**—Blair & Co. Inc., New York. **Offering**—Expected this Fall.

Manchester Insurance Management & Investment Corp.
Oct. 22 (letter of notification) 100,000 shares of common stock (par $1) to be offered for subscription to stockholders at the rate of one share for each two shares held, and the remainder to the public. **Price**—To stockholders, $2.70 per share; to the public, $3 per share. **Proceeds**—To pay a note, purchase land and to construct a building. **Office**—9929 Manchester Road, St. Louis 22, Mo. **Underwriter**—None.

● **Marine Corp., Milwaukee, Wis. (11/23-27)**
Oct. 19 filed $5,000,000 of convertible debentures, due Nov. 1, 1979. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the provision of funds to other banks now controlled by the issuing corporation. **Underwriters**—Robert W. Baird & Co., Inc. (agent), Milwaukee, Wis.; Paine, Webber, Jackson & Curtis; Loewi & Co., Inc. and the Milwaukee Co., all of Milwaukee, Wis.

Mayfair Markets
Oct. 1 filed 301,177 shares of common stock (par $1), to be offered to holders of such stock on the basis of one new share for each five shares then held. **Price** — $10 per share. **Proceeds**—For general corporate purposes. including expansion and working capital. **Office**—4383 Bandini Boulevard, Los Angeles, Calif. **Underwriter**—None.

Merry Brothers Brick & Tile Co. (12/1)
Oct. 26 filed 160,000 shares of common stock (par $2.50). **Price** — $7.80 per share. **Proceeds** — For new production facilities. **Office**—415 Masonic Bldg., Augusta, Ga. **Underwriter**—Johnson, Lane, Space Corp., Atlanta, Ga.

● **Metropolitan Telecommunications Corp. (11/17)**
Sept. 28 (letter of notification) 99,933 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For working capital. **Office**—964 Dean St., Brooklyn, N. Y. **Underwriter**—Lee Co., New York, N. Y.

● **Microwave Electronics Corp.**
July 2 filed $500,000 of 10-year 5% subordinated debentures due July 1, 1969 together with 250,000 shares of common stock (par 10 cents) to be offered in units of $10,000 principal amount of debentures and 5,000 common shares. An additional 138,000 shares may be issued in connection with the company's restricted stock option plan. **Price**—$10,500 per unit. **Proceeds**—To purchase machinery, equipment and other fixed assets, for operating expenses, and the remainder for working capital. **Office**—4061 Transport St., Palo Alto, Calif. **Underwriter**—None. **Financial Adviser**—Hill, Richards & Co., Inc., Los Angeles, Calif. Statement effective Oct. 26.

● **Micronaire Electro Medical Products Corp. (11/23-27)**
Oct. 16 filed 200,000 shares of common stock (par 10 cents) and 50,000 one-year warrants for the purchase of such stock at $3 per share, to be offered in units of 100 shares of common stock and 25 warrants. **Price**—$275 per unit. **Proceeds**—For general corporate purposes, including the discharge of indebtedness, the expansion of sales efforts, and for working capital. **Office**—79 Madison Avenue, New York City. **Underwriter**—General Investing Corp., New York.

● **Middlesex Water Co. (12/2)**
Oct. 30 filed 29,534 shares of common stock, to be offered to holders of the outstanding preferred and/or common stock of record Dec. 2 on the basis of one new share for each three preferred or common shares then held. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans incurred for construction purposes, with the balance to be used for general corporate purposes. **Office**—52 Main St., Woodbridge, N. J. **Underwriter**—Kidder, Peabody & Co., Inc., New York.

★ **Midwestern Financial Corp.**
Nov. 9 filed 250,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To pay the $1,360,000 balance to Majestic Mortgage Co. due in connection with the issuing company's acquisition of all of the outstanding stock of Majestic Savings & Loan Association, with about $650,000 to be used for capital contributions to its savings and loan associations and for

loans to other subsidiaries, $51,000 to be used to repay principal and interest on a short-term bank loan, and $55,000 to be used as additional working capital. **Office**—2015 13th Street, Boulder, Colo. **Underwriters**—W. R. Staats & Co., Los Angeles, Calif., and Boettcher & Co. and Bosworth, Sullivan & Co., Inc., both of Denver, Colo.

Missouri Power & Light Co. (12/9)
Oct. 29 filed $4,000,000 of first mortgage bonds, due 1989. **Proceeds**—To be added to general funds, to be used to retire certain short-term bank loans incurred in connection with the company's construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; White, Weld & Co. **Bids**—Expected to be received up to 11 a.m. (EST) on Dec. 9.

★ Mohawk Airlines Inc.
Nov. 9 filed $3,500,000 of 6% convertible subordinated debentures, due 1974, $1,917,500 of which are to be offered in exchange for a like amount of the company's outstanding 5½% convertible subordinated debentures, due 1966. The remainder, plus any not taken in the exchange offer, are to be publicly offered. **Price**—To be supplied by amendment. **Proceeds** — For general corporate purposes, including debenture redemption, airplane equipment, and working capital. **Office**—Utica, N. Y. **Underwriter**—Dempsey-Tegeler & Co., St. Louis, Mo.

Mohawk Business Machines Corp. (11/30-12/4)
Oct. 29 filed $600,000 of 6% 10-year subordinated convertible debentures, due 1969, and 30,000 outstanding shares of common stock (par 40 cents). **Price**—For the debentures, 100% of principal amount; for the common stock, at a price to be related to the market. **Proceeds**—To liquidate indebtedness in the amount of $150,000, with the remainder to purchase new equipment and machinery and be used as working capital. **Office** — 944 Halsey Street, Brooklyn, N. Y. **Underwriter**—Myron A. Lomasney & Co., New York.

Montgomery Mortgage Investment Corp.
Oct. 16 filed $3,000,000 of second mortgage notes and accompanying repurchase agreements, to be offered in $3,000 units. **Price**—From $2,000 to $4,000 per unit. **Proceeds**—To purchase other second trust notes and to maintain a reserve for repurchase of notes under the repurchase agreements. **Office**—11236 Georgia Avenue, Silver Spring, Md. **Underwriter**—There is no underwriter as such, but Adrienne Investment Corp., an affiliate of the issuing company, will act as sales agent, for which it will receive a selling commission of 7%.

Mortgage Guaranty Insurance Corp.
Sept. 23 filed 40,000 shares of common stock (par $10) in a joint registration with Guaranty Insurance Agency, Inc., which filed 10,000 shares of its own common stock (par $5). **Price**—$115 per unit of four shares of Mortgage common and one share of Guaranty common. **Proceeds**—Mortgage will use its proceeds fo rexpansion; Guaranty will use its proceeds for additional working capital. **Office**—(of both firms) 606 West Wisconsin Ave., Milwaukee, Wis.

★ Motel Co. of Roanoke, Inc.
Oct. 28 (letter of notification) 9,000 shares of common stock (par 20 cents). **Price**—At-the-market. **Proceeds**—To go to selling stockholders. **Office**—144 S. Jefferson St., Roanoke, Va. **Underwriter**—None.

★ Murphy (A. A.) & Co., Inc.
Oct. 27 (letter of notification) 5,500 shares of 6% cumulative prior preferred stock 1956 series. **Price**—At par ($50 per share). **Proceeds**—For working capital or to be applied to the reduction of outstanding bank loans. **Office**—174 E. Sixth Street, St. Paul, Minn. **Underwriter**—Piper, Jaffray & Hopwood, Minneapolis, Minn.

Mutual Credit Corp.
Oct. 6 (letter of notification) $300,000 of 6½% convertible subordinated debentures, series A, due Oct. 1, 1969. Debentures are convertible at any time through Oct. 1, 1968 into class A non-voting common stock (par $5) at the rate of 100 shares of such stock for each $500 of debentures converted. **Price**—At face amount. **Proceeds**—For the general funds of the company. **Office**—c/o Raymond F. Wentworth, 6 Milk St., Dover, N. H. **Underwriter**—Eastern Investment Corp., Manchester, N. H.

Narda Microwave Corp.
June 16 filed 50,000 shares of common stock (par 10 cents) and 50,000 warrants to be offered in units, consisting of one share of common stock with attached warrant entitling the holder to purchase one additional share. The statement also includes an additional 10,000 shares of common stock reserved for issuance to key employees pursuant to options. **Price**—To be supplied by amendment. **Proceeds** — To be used to retire bank loans. **Underwriter**—Milton D. Blauner & Co., Inc., New York. Indefinitely postponed.

• National Bellas Hess, Inc. (11/23-27)
Oct. 27 filed $5,318,800 of convertible subordinated debentures, due Oct. 1, 1984, to be offered to common stockholders on the basis of $100 of debentures for each 50 shares held. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the possible increase of investment in the issuing company's life insurance subsidiary. **Office**—14th Avenue & Swift Street, North Kansas City, Mo. **Underwriter** — Stern Bros. & Co., Kansas City, Mo.

National Citrus Corp.
April 20 (letter of notification) 150,000 shares of common stock. **Price**—At par ($2 per share). **Proceeds**—For new equipment, inventory and working capital. **Address**—P. O. Box 1658, Lakeland, Fla. **Underwriter**—R. F. Campeau Co., Inc., Detroit, Mich. Statement to be amended.

National Industrial Minerals Ltd.
Aug. 4 filed 150,000 shares of common stock (no par). **Price** — $1 per share. **Proceeds** — To retire indebtedness for construction of plant and for other liabilities, and the remainder will be used for operating capital. **Office** — Regina, Saskatchewan, Canada. **Underwriter**—Laird & Rumball Ltd., Regina, Saskatchewan, Canada.

National Motels, Inc.
Oct. 23 (letter of notification) 3,500 shares of common stock (no par). **Price** — $75 per share. **Proceeds** — For guarantee of a lease of Howard Johnson Motor Lodge in Prince Georges County, Md., operating expenses and acquisition of a third motel. **Office**—59 S. Park Avenue, Longmeadow, Mass. **Underwriter**—None.

National Munsey Co.
Sept. 28 filed 293 limited partnership interests. **Price**—$5,000 per unit. **Proceeds**—To purchase land and erect buildings thereon. **Office**—535 Fifth Avenue, New York City. **Underwriter**—Tenney Securities Corp. **Offering**—Expected this month.

• National Standard Electronics, Inc. (11/13)
Sept. 25 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Underwriter**—Palombi Securities Co., Inc., New York City.

National Union Fire Insurance Co. (Pittsburgh, Pa.)
Sept. 24 filed 200,000 shares of capital stock (par $5) being offered for subscription by stockholders of record Oct. 16, 1959, on the basis of one additional share of capital stock for each three shares then held; rights to expire on Nov. 16. **Price**—$32.50 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—The First Boston Corp., New York.

• National Video Corp. (11/23-27)
Oct. 19 filed 283,307 shares of class A stock (par $1). Each certificate for class A shares will bear an endorsement evidencing an interest in a Trust which will hold all of the outstanding common stock of Rico Electronics, Inc., a Puerto Rican manufacturing company affiliated with National Video Corp. **Price** — To Be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—Chicago, Ill. **Underwriter** — Bache & Co., New York.

• New England Power Co. (12/9)
Nov. 2 filed 100,000 shares of cumulative preferred stock (par $100). **Proceeds**—To reduce indebtedness. **Underwriter**—To be determined by competitive bidding. Probable bidders: Lehman Brothers; Equitable Securities Corp.; Kidder, Peabody & Co.; Lee Higginson Corp., and White, Weld & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc., and Eastman Dillon, Union Securities & Co. (jointly). **Bids**—Expected to be received up to 11 a.m. (EST) on Dec. 9.

New York State Electric & Gas Corp. (11/20)
Oct. 21 filed 467,247 shares of common stock, (no par), to be offered to holders of outstanding common stock of record Nov. 20 on the basis of one new share for each 15 shares then held. The rights are scheduled to expire Dec. 7. **Price**—To be supplied by amendment. **Proceeds**—To discharge short-term obligations incurred for construction, with the balance to be applied to expenditures for construction. **Office**—Ithaca, N. Y. **Underwriters**—The First Boston Corp., Lehman Brothers, Wertheim & Co. and Merrill Lynch, Pierce, Fenner & Smith Inc.

North Carolina Telephone Co.
Sept. 4 filed 576,405 shares of common capital stock, to be offered for subscription by holders of outstanding stock in the ratio of two new shares for each five shares held. **Price**—$2 per share. **Proceeds**—To reduce indebtedness with the balance, if any, to be used as working capital. **Office**—Matthews, N. C. **Underwriter**—One or more security dealers will be offered any shares not subscribed for at $2 per share.

• Northern Properties, Inc. (11/17)
Sept. 8 filed 150,000 shares of common stock (par $2.50). **Price**—$5 per share. **Proceeds**—To acquire and develop various properties in New York State. **Office**—Hartsdale, N. Y. **Underwriter**—Candee & Co., New York; and Peters, Writer & Christensen, Inc., of Denver, Colo.

Nu-Line Industries, Inc.
Sept. 28 (letter of notification) $250,000 of 7% subordinated debentures due Oct. 1, 1969 with common stock purchase warrants entitling the holders of the warrants to purchase 25,000 shares of common stock (par 10 cents). **Price**—$1,020 per $1,000 debenture with warrant for purchase of 100 shares of common stock attached. **Proceeds**—For working capital. **Office**—Minneapolis, Minn. **Underwriter**—Woodard-Elwood & Co., Minneapolis, Minn.

• Oak Valley Sewerage Co. (11/16-20)
June 30 (letter of notification) $145,000 of 5½% first mortgage bonds series of 1958. **Price**—At par. **Proceeds**—To repay to Oak Valley, Inc. a portion of the cost of construction of sewerage collection and disposal system and to pay the costs and expenses of financing. **Office**—330 Main St., Mantua, N. J. **Underwriter**—Bache & Co., Philadelphia, Pa.

• Oak Valley Water Co. (11/16-20)
June 30 (letter of notification) $125,000 of 5½% first mortgage bonds series of 1958. **Price**—At par. **Proceeds**—To repay Oak Valley, Inc. a portion of the cost of construction of the water supply and distribution system; to pay the cost of a new 12 inch well to increase the company's supply of water; and to pay the costs and expenses of financing. **Office**—330 Main St., Mantua, N. J. **Underwriter** — Bache & Co., Philadelphia, Pa.

Occidental Petroleum Corp.
Oct. 29 filed 615,854 shares of common stock (par 20 cents), 307,927 shares of which are to be offered for subscription by holders of outstanding common stock at the rate of one new share for each 10 shares held. The remaining shares are to be offered to a group of individuals, not as yet named, who have agreed to purchase not less than 307,925 shares, and will also be offered shares not bought by the holders of the outstanding common. **Price**—To be supplied by amendment. **Proceeds**—For drilling, exploration, development, and to purchase an interest in Parker Petroleum Co. **Office**—8255 Beverly Boulevard, Los Angeles, Calif. **Underwriter**—None.

Oil, Gas & Minerals, Inc.
April 2 filed 260,000 shares of common stock (par 35 cents. Price—$2 per share. Proceeds—To retire bank loans and for investment purposes. Office—513 International Trade Mart, New Orleans, La. Underwriter — Assets Investment Co., Inc., New Orleans, La. The SEC had scheduled a hearing, to begin on Sept. 2, to determine whether a stop order should be issued suspending the offering.

• Ovitron Corp., Detroit, Mich.
Oct. 27 filed 150,000 shares of common stock (par one cent). **Price**—$6 per share. **Proceeds**—For research and working capital. **Underwriter**—Sutro Bros. & Co., New York. **Offering**—Expected sometime after Dec. 1.

Oxford Chemical Corp. (11/24)
Oct. 22 filed 227,500 shares of class A common stock (par 25 cents), of which 35,000 shares are to be offered first to employees. Any shares not so purchased plus an additional 72,500 shares are to be publicly offered. The remaining 120,000 shares, representing outstanding stock, are also to be publicly offered. **Price**—To employees, $4.55 per share; to the public, $5 per share. **Proceeds**—For general funds. **Office** — 166 Central Ave., S. W., Atlanta, Ga. **Underwriter**—Johnson, Lane, Space Corp., Atlanta, Ga.; Francis I. duPont & Co., New York; and The Robinson-Humphrey Co., Inc., Atlanta, Ga.

Pacific Uranium Mines Co.
Oct. 20 filed $3,000,000 of 6% secured notes, 675,000 common stock purchase warrants, and 675,000 shares of common stock. $1,600,000 of the notes and 360,000 warrants are to be offered to holders of $1,600,000 of outstanding notes. The remaining $1,400,000 of new notes and 315,000 warrants are to be offered to American Securities Corp., acting on behalf of their clients, for a total sum of $1,344,000 for the notes and $56,000 for the warrants.

Pan-Alaska Corp.
Aug. 7 filed 2,612,480 shares of common capital stock to be issued pursuant to options held by Marine Drilling, Inc. Latter company of record Oct. 29 offered its stockholders rights to purchase two shares of Pan-Alaska common at 20 cents a share, for each share of Marine Drilling stock. Marine Drilling also plans to sell 250,000 shares of the 680,000 shares of Pan-Alaska it now owns. **Underwriter**—Any stock not subscribed for by holders of Marine Drilling will be publicly offered by Crerie Co., Houston, Texas and Clark, Landstreet & Kirkpatrick, Inc., Nashville, Tenn., at a price of 20 cents a share.

Pantasote Co.
Aug. 28 filed $2,700,000 of 6% subordinated sinking fund debentures, due Oct. 15, 1974 (with warrants attached entitling the holder to purchase 50 shares of common stock of the issuing company for each $500 of debentures). **Price**—100% and accrued interest from Oct. 15. **Proceeds**—For construction, equipping, and placing in operation of a new plant, with the balance to be used for general corporate purposes. **Office**—26 Jefferson St., Passaic, N. J. **Underwriter** — Blair & Co., Inc., New York. **Offering**—Temporarily postponed.

Pathe News, Inc.
Sept. 17 filed 400,000 shares of common stock (par 10 cents) with warrants to purchase an additional 100,000 common shares at $3.25 per share. **Price** — $3.75 per share, with warrants. **Proceeds**—For general corporate purposes, including the addition of working capital, the reduction of indebtedness, and the provision of the $173,000 cash required upon the exercise of an option to purchase the building at 245-249 W. 55th St., New York. **Office**—245 W. 55th St., New York. **Underwriter**—Chauncey, Walden, Harris & Freed, Inc., New York. **Offering**—Expected in about 30 days.

★ Pennsalt Chemicals Corp.
Oct. 27 (letter of notification) an undetermined number of shares of common stock (par $3) to be offered to employees of the corporation and subsidiaries under the corporation's Employee Stock Purchase Plan 1959-1960. Cash or payroll savings not to exceed 10% of yearly salary or wage. **Price**—At 95% average price of the stock as quoted on the New York Stock Exchange Aug. 1, 1959 through Nov. 13, 1959, or the closing Nov. 13, 1959, whichever is lower. **Proceeds**—For working capital. **Office**—Three Penn Center Plaza, Philadelphia, Pa. **Underwriter**—None.

★ Permian Oil Co. (11/17)
Oct. 14 filed $800,000 of subordinated 6% debentures due Nov. 1, 1969 and 100,000 shares of commonstock (par $1) to be offered in units. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—611 West Texas St., Midland, Texas. **Underwriter**—Lehman Brothers, New York.

• Perrine Industries, Inc. (11/30)
Oct. 26 filed $1,500,000 of 20-year convertible subordinated debentures due 1979, to be offered in units of $500 and $1,000. **Price**—At par. **Proceeds**—To be used to establish two new plants in the midwest and southeast industrial areas; to spend $350,000 to equip these new plants; $150,000 to further equip and improve the company's Brooklyn plant; and $600,000 will be used to retire corporate indebtedness. **Underwriter**—S. D. Fuller & Co., New York.

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Petroleum Projects
Oct. 13 filed $1,500,000 of participations in oil and gas exploratory fund. **Price** — The minimum participation will cost $10,000. **Office**—Madison, N. J. **Underwriter**—Mineral Projects Co., Ltd.

Piedmont Natural Gas Co., Inc. (11/20)
Oct. 22 filed 36,237 shares of cumulative convertible preferred stock (without par value), to be offered to common stockholders of record Nov. 20, 1959, on the basis of one new share of preferred stock for each 35 of common stock then held; rights to expire on Dec. 7. **Price**—To be supplied by amendment. **Proceeds**—For repayment of notes incurred for construction program. **Underwriter**—White, Weld & Co., New York.

Pik-Quik, Inc.
Sept. 17 filed 500,000 shares of common stock (par $1). **Price**—$3.50 per share. **Proceeds**—To place in operation 80 food markets in Florida, three of which will be located near West Palm Beach. These three have been leased from International Properties, Inc., a newly-formed Minneapolis real estate firm, for 15 years, with options to renew. **Office** — Baker Bldg., Minneapolis, Minn. **Underwriter** — Craig-Hallum, Inc., Minneapolis, Minn. **Offering**—Expected sometime in November.

● **Pilgrim National Life Insurance Co. of America**
Sept. 17 filed 100,000 shares of common stock (par $1), of which 55,000 shares are to be offered first to stockholders of record Aug. 31, 1959, and 45,000 shares (minimum) are to be offered to the public, which will also be offered any shares unsubscribed for by said stockholders. **Price**—$5 per share. **Proceeds** — For general corporate purposes, possibly including the enabling of the issuing company to make application for licenses to conduct its insurance business in States other than Illinois, the sole State in which it is presently licensed. **Office**—222 W Adams Street, Chicago, Ill. **Underwriter**—None. Statement effective Nov.4.

Porce-Alume, Inc.
Aug. 3 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For expansion. **Office**—Alliance, Ohio. **Underwriter**—Pearson, Murphy & Co., Inc., New York.

Porter-Cable Machine Corp.
Oct. 23 (letter of notification) 10,910 shares of common stock (par $10) to be offered in exchange for all of the outstanding stock of Rototiller, Inc. The exchange offer expires at 3 p.m. (EST) on Dec. 1, 1959. **Office**—700 Marcellus St., Syracuse, N. Y. **Underwriter**—None.

● **Potomac Electric Power Co. (11/23)**
Nov. 2 filed $15,000,000 of first mortgage bonds, due Dec. 1, 1994. **Proceeds**—For construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co., Inc., Merrill Lynch, Pierce, Fenner & Smith Inc., White, Weld & Co., and Salomon Bros. & Hutzler (jointly). **Bids**—Expected to be received up to 11 a.m. (EST) on Nov. 23.

Producers Fire & Casualty Co., Mesa, Ariz.
March 31 filed 400,000 shares of common stock to be offered for subscription by holders of stock purchase rights acquired in connection with life insurance policies issued by Dependable Life Insurance Co. and to certain agents and brokers of Producers Fire & Casualty Co **Price**—$5 per share. **Proceeds**—For working capital **Underwriter**—None.

Prudential Commercial Corp.
Oct. 21 (letter of notification) 150,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—City of Dover, County of Kent, Del. **Underwriter**—All State Securities, Inc., 80 Wall Street, New York, N. Y.

Puerto Rico Industries, Inc.
Oct. 15 filed 48,500 shares of class A common stock, (par $1), 200,000 shares of class B common stock (par $1) and $388,000 of 6% subordinated debentures, due July 1, 1971. With the exception of 151,500 shares of class B common allocated to the organizers of the company at par, the securities are to be offered to the public in units of $4,000 of debentures, 500 class A shares, and 500 class B shares. **Price**—$5,000 per unit. **Proceeds**—For investment in the securities of its subsidiary, Puerto Rico Meat Packing Co., Inc., which will use the funds, estimated at $600,000, as operating capital. **Address**—P. O. Box No. 622, Little Rock, Ark. **Underwriter**—None.

★ **Quaker Maid Restaurant System, Inc.**
Oct. 26 (letter of notification) 179,920 shares of common stock. **Price** — At par ($1 per share). **Proceeds** — For equipment, supplies, leasing restaurants and working capital. **Office**—Cohen Bldg., Norton, Va. **Underwriter**—None.

Rad-O-Lite, Inc.
July 8 filed 300,000 shares of common stock (par 25c) **Price** — $1.50 per share. **Proceeds** — For general corporate purposes. **Office**—1202 Myrtle St., Erie, Pa **Underwriter**—John G. Cravin & Co., New York. **Offering**—Expected in a couple of weeks.

Radiant Lamp & Electronics Corp.
Sept. 4 filed $250,000 of 6% ten-year subordinated convertible sinking fund debentures, series II, due Oct. 15, 1969, and 120,000 shares of class A stock (par 10 cents). **Price** — For debentures, 100% of principal amount; for stock, $5 per share. **Proceeds**—To acquire Radiant Lamp Corp., of Newark, N. J., with the balance to be used as working capital. **Office**—40 Washington Place, Kearney, N. J. **Underwriter**—Amos Treat & Co., Inc., New York **Offering** — Expected sometime during the end of November.

Radiation Dynamics, Inc., Westbury, N. Y.
Sept. 8 filed 25,000 shares of common stock (par $1). The company is offering its stockholders of record Oct. 26 the right to subscribe to 11,325 shares at $10 per share, with warrants to purchase an equal number of common shares at $12.50 per share, on the basis of one new share for each four shares held. Rights to expire Nov. 16. Hayden, Stone & Co. has agreed to purchase 2,500 shares for its own account and to use its best efforts to place 11,175 shares with certain selected investors at $10 per share, with warrants to purchase an equal number of shares at $12.50 per share. **Proceeds**—For working capital. **Office**—1800 Shames Drive, Westbury, L. I., N. Y. **Underwriter**—Hayden, Stone & Co., New York.

● **Ranney Refrigerator Co.**
Oct. 8 filed 43,500 shares of common stock (par $2.50) of which 40,000 shares are to be offered for the account of the issuing company and 3,500 shares, representing outstanding stock, are to be offered for the accounts of the present holders thereof. **Price**—$8 per share. **Proceeds** — For expansion and working capital. **Office**—Greenville, Mich. **Underwriter** — Campbell, McCarty & Co., Inc., Detroit, Mich. **Offering**—Expected this week.

● **Raub Electronics Research Corp.**
July 15 filed 165,000 shares of common stock (par $1), subsequently reduced by amendment to 115,500 shares, of which 100,000 shares will be offered to the public. **Price**—$8.50 per share. **Proceeds**—For general corporate purposes. **Office**—1029 Vermont Avenue, N. W., Washington, D.C. **Underwriter**—Weil & Co., Washington, D.C. Statement withdrawn Oct. 30.

● **Realsite, Inc.**
July 28 filed 200,000 shares of class A stock (par 10 cents. **Price**—$3 per share. **Proceeds**—To pay off mortgages and for working capital. **Office**—Jamaica, L. I., N. Y. **Underwriter**—Robert L. Ferman & Co., Miami, Fla., and Godfrey, Hamilton, Magnus & Co. Inc., New York. **Offering**—Expected this week.

★ **Realty Investment Associates, Inc.**
Oct. 30 (letter of notification) 3,000 shares of capital stock with a minimum subscription of 50 shares and a maximum of 500 shares. **Price**—At par ($100 per share). **Proceeds**—For working capital. **Office**—1104 N. Main St., Randolph, Mass. **Underwriter**—None.

● **Red Fish Boat Co. (11/24)**
Oct. 22 (letter of notification) 400,000 shares of class A common stock (par 10 cents). **Price**—75 cents per share. **Proceeds**—To pay mortgages, accounts payable, purchase raw materials, expand production facilities and expansion of sales program. **Business**—Manufactures fiberglass boats. **Address**—P. O. Box 610 Clarksville, Texas. **Underwriter**—R. A. Holman & Co., Inc., New York, N. Y.

Rek-O-Kut Co., Inc. (11/16-20)
Sept. 25 filed 214,000 shares of common stock (par 25c), of which 142,666 shares are to be offered for account of the issuing company and 71,334 shares are to be offered for the accounts of the present holders thereof. **Price** — $3.50 per share. **Proceeds** — For general corporate purposes, including the repayment of indebtedness and for tooling and production. **Office**—38-19 108th St., Corona, L. I., N. Y. **Underwriter**—D. A. Lomasney & Co., New York.

★ **Renewal Guaranty Corp.**
Oct. 28 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For working caiptal. **Office** — First National Bank Bldg., Suite 2323, Denver 2, Colo. **Underwriter**—Columbine Securities Corp., Denver, Colo.

Reserve Insurance Co., Chicago, Ill. (11/16-20)
Oct. 20 filed 110,837 shares of capital stock, of which 62,676 are to be sold for the company's account and 48,161 shares are to be sold for the account of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—To be added to the general funds of the company to enable it to finance a larger volume of underwriting and to expand its area of operations. **Underwriter**—A. G. Becker & Co. Inc., Chicago, Ill. This offering will not be made in New York State.

★ **Ridall Corp.**
Nov. 3 (letter of notification) 100,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To purchase a barge, mobile incinerators, working capital, etc. **Office**—85 Centre St., Roxbury, Mass. **Underwriters**—Three company officials.

Rosemount Engineering Co.
Oct. 2 (letter of notification) 22,609 shares of common stock (par 75 cents) of which 7,799 shares are to be offered to the employees of the company and the remainder to the public. **Price**—To employees, $12.83 per share; to the public, $13.50 per share. **Proceeds**—To pay outstanding bank loans and for working capital. **Office**—4900 W. 78th St., Minneapolis, Minn. **Underwriter**—White, Weld & Co., Minneapolis.

Roulette Records, Inc.
Aug. 27 filed 330,000 shares of common stock (one cent), of which 300,000 shares are to be publicly offered. **Price**—$3.50 per share. **Proceeds**—For general corporate purposes, including moving to new quarters and installing executive offices and sound studio facilities therein, acquiring technical equipment and machinery, and adding to working capital. **Office** — 659 10th Avenue, New York. **Underwriter**—Chauncey, Walden, Harris & Freed, Inc., 580 Fifth Avenue, New York. **Offering**—Expected in three or four weeks.

● **St. Paul Ammonia Products, Inc.**
Oct. 2 filed $1,249,849 of 10-year 6% convertible subordinated debentures, due Dec. 1, 1969, being offered for subscription by common stockholders on the basis of $10 principal amount of debentures for each 10 shares held on Nov. 6, 1959; rights to expire on Nov. 23. **Price** — At 100% of principal amount. **Proceeds** — For inventory accumulation with the balance, estimated at $125,000, to be added to working capital. **Office**—South St. Paul, Minn. **Underwriter**—White, Weld & Co., New York.

(Howard W.) Sams & Co. (11/23-27)
Oct. 21 filed 88,000 shares of common stock (par $1), of which 50,000 shares are to be offered for the account of the issuing company, and 38,000 shares, representing outstanding stock, are to be offered for the accounts of the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—To be used as working capital and to reduce indebtedness. **Office**—1720 East 38th St., Indianapolis, Ind. **Underwriters**—Indianapolis Bond & Share Corp. and Kiser Cohn, & Shumaker, Inc., both of Indianapolis, and Walston & Co., Inc., of New York City.

San Diego Gas & Electric Co.
Oct. 6, 1959 filed 500,000 shares of common stock (par $10) being offered for subscription by common stockholders on the basis of one new share for each eight shares held of record Nov. 4; rights to expire Nov. 24. **Price**—$23.40 per share. **Proceeds**—To reimburse treasury funds of the company. **Office**—San Diego, Calif. **Underwriter**—Blyth & Co., Inc., New York and San Francisco.

Scaico Controls, Inc.
Sept. 23 (leter of notification) 240,000 shares of common stock (par 10 cents). **Price**—$1.25 per share. **Proceeds**—For research and development; increaese of plant facilities; sales and training program; sales promotion and for general corporate purposes. **Office**—P. O. Box 41, 450 Cooper St., Delanco, N. J. **Underwriter**—Albion Securities Co., Inc., 11 Broadway, New York 4, N. Y.

● **Scott & Fetzer Co. (11/16-23)**
Oct. 15 filed 100,000 shares of outstanding common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—To two company officials, the selling stockholders. **Office**—1920 West 114th Street, Cleveland, Ohio. **Underwriters**—McDonald & Co., Cleveland, and Kidder, Peabody & Co., New York.

Scott-Mattson Farms, Inc.
Oct. 27 filed 67,500 shares of outstanding common stock. **Price** — To be supplied by amendment. **Proceeds** — To selling stockholders. **Office**—Professional Building, Ft. Pierce, Fla. **Underwriter**—R. S. Dickson & Co., Charlotte, N. C. **Offering**—Expected in early December.

● **Seligman & Latz, Inc. (11/30)**
Oct. 28 filed 250,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Business**—The company operates 259 beauty salons in leased premises in leading department and specialty stores. **Underwriter**—F. Eberstadt & Co., New York.

Shield Chemical Ltd.
Sept. 8 (letter of notification) 95,000 shares of capital stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—To purchase and install manufacturing equipment; control and test equipment; advertising and for working capital. **Office**—17 Jutland Road, Toronto, Canada. **Underwriter**—Peters, Writer & Christensen, Inc., Denver, Colorado.

Sottile, Inc. (Formerly South Dade Farms, Inc.)
July 29 filed 2,000,000 shares of common stock (par $1), of which 1,543,000 shares are to be issued and sold for the account of the company, and 457,000 shares, representing outstanding stock, to be sold for the accounts of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—To retire 70% of the common stock outstanding at the date of the stock offering; to invest in the capital stocks of six of the company's seven bank subsidiaries; to repay a bank loan of $6,400,000; to add to working capital; to retire certain long-term indebtedness; and to develop citrus groves. **Office**—250 South East First Street, Miami, Fla **Underwriter**—Bear, Stearns & Co., New York. **Offering**—Indefinite.

Southern Frontier Finance Co.
Aug. 11 filed 1,300,000 shares of common stock (par 50 cents). **Price**—$1 per share. **Proceeds**—For working capital and to be used for the purchase of receivables covering the installment financing of consumer products or other types of financing in which the company may engage. **Office** — 615 Hillsboro St., Raleigh, N. C. **Underwriter**—None, but the company officials, who are making the offering, may pay a 10% commission to dealers in connection with the sale of their shares. Statement effective Oct. 15.

● **Southern Gulf Utilities, Inc. (11/16-18)**
Aug. 24 filed 135,000 shares of common stock (par 5c). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including expansion. **Office**—7630 Biscayne Blvd., Miami, Fla. **Underwriter**—Jaffee, Leverton, Reiner Co., New York.

Southwestern Investment Co.
Nov. 2 filed 225,000 shares of common stock, of which 15,000 shares are to be offered to employees of the issuing company and its subsidiaries, and 210,000 shares represent outstanding stock held by previous stockholders of Southwest Acceptance Co., who may offer their shares. **Price**—At market. **Office**—Amarillo, Texas. **Underwriter**—None.

Standard Beryllium Corp.
Sept. 3 (letter of notification) 200,000 shares of common stock (par one cent). **Price**—$1.50 per share. **Proceeds**—For working capital and general corporate purposes. **Office**—150 E. 43rd St., New York 17, N. Y. **Underwriter**—R. G. Williams & Co., Inc., New York, N. Y.

State Industries
Oct. 5 filed $500,000 of 6% convertible subordinated debentures, due Oct. 1, 1974. **Price**—At 100% of principal amount. **Proceeds**—For general corporate purposes, including the purchase and installation of a modern paint plant, and the purchase and installation of new tube mill equipment. **Office**—4019 Medford St., Los Angeles, Calif. **Underwriter**—John Keenan & Co., Inc., Los Angeles.

Steak'n Shake, Inc.
Aug. 24 filed 65,505 shares of common stock, being offered by subscription by common stockholders of record

Sept. 15, 1959, on the basis of one new share for each 9 shares then held. The warrants are being mailed out today (Nov. 5) with rights expiring on Nov. 19. These warrants are non-transferable. **Price**—$4.62½ per share to stockholders; unsubscribed shares will be publicly offered at $5 per share. **Proceeds**—For general corporate purposes, including the developing of three drive-in restaurants on company-owned building sites. **Office**—1700 West Washington St., Bloomington, Ill. **Underwriter**—White & Co., St. Louis, Mo.

Stelling Development Corp.
June 8 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For mortgages, land, paving roads, loans payable, advertising, etc. **Office**—305 Morgan St., Tampa 2, Fla. **Underwriter**—Stanford Corp., Washington, D. C.

Storm Mountain Ski Corp.
Oct. 14 filed $225,000 of 6% to 7% first mortgage convertible serial bonds due 1965-1975, and 500,000 shares of common stock (par $1). **Price**—For bonds, 100%; and for common stock, $1 per share. **Proceeds**—For working capital. **Office**—Steamboat Springs, Colo. **Underwriter**—None.

Strategic Materials Corp.
June 29 filed 373,364 shares of common stock (par $1), being offered for subscription by common stockholders at the rate of one new share for each five shares held on Nov. 4, 1959; rights to expire on Nov. 20. **Price**—To be supplied by amendment. **Proceeds**—For payment of bank loans; for payment of a note; for working capital; for expenditures by Strategic-Udy Metallurgical & Chemical Processes Ltd., which owns and operates a pilot plant at Niagara Falls, Ontario, and is a subsidiary of Stratmat Ltd., Strategic's principal subsidiary, and by its other direct subsidiary, Strategic-Udy Processes, Inc., which owns and operates a laboratory at Niagara Falls, N. Y.; as working capital for a mining subsidiary; for payment of a mortgage; and as working capital for another subsidiary. **Underwriters** — S. D. Lunt & Co., Buffalo, N. Y.; and Allen & Co., New York.

● **Superior Manufacturing & Instrument Corp. (11/19)**
Oct. 12 (letter of notification) 80,000 shares of common stock (par 50 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—154-01 Barclay Ave., Flushing 55, N. Y. **Business**—Electronics. **Underwriter**—D. A. Lomasney & Co., New York, N. Y.

Supermarket Service, Inc.
Oct. 14 (letter of notification) 9,000 shares of common stock (no par). **Price**—$11.50 per share. **Proceeds**—For working capital. **Office** — 103 E. Main St., Plainville, Conn. **Underwriter** — E. T. Andrews & Co., Hartford, Conn.

Tennessee Gas Transmission Co.
Aug. 21 filed 473,167 shares of common stock (par $5) being exchanged for common stock of East Tennessee Natural Gas Co. on the basis of one share of Tennessee Gas Common for 2.75 shares of East Tennessee common. This offer is subject to various conditions, one of which is that all of the 5.20% cumulative preferred stock ($25 par) of East Tennessee shall have been purchased or redeemed and cancelled. East Tennessee is presently negotiating for the sale of $5,800,000 of which 11-year 5¾% debentures, contingent upon the consummation of the exchange offer, $4,568,785 of the proceeds of which will be applied to the redemption of the 5.20% cumulative preferred stock. Exchange offer will expire on Nov. 16, 1959, unless otherwise extended. **Office**—Tennessee Bldg., Houston, Texas. **Dealer-Managers** — Stone & Webster Securities Corp., and White, Weld & Co., both of New York. Statement effective Oct. 1.

● **(The) T Transportation Plan, Inc.**
Oct. 7 filed $600,000 of 7% convertible subordinated debentures, due November, 1969, 60,000 shares of common stock (par one cent) and 30,000 common stock purchase warrants, to be offered in units consisting of $100 of debentures, 10 common shares, and 5 warrants. **Price**—$150 per unit. **Proceeds**—For general corporate purposes, including working capital. **Office**—120 Broadway, New York City. **Underwriter**—Ross, Lyon & Co., Inc., New York.

Tex-Tube, Inc.
Oct. 6 filed 150,000 shares of common stock, (par $1), of which 100,000 shares are to be offered for the account of the issuing company and 50,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Proceeds** — To discharge bank loans, for capital improvements, and to increase working funds. **Office**—1503 North Post Road, Houston, Texas. **Underwriter**—Moroney, Beissner & Co., Houston. **Offering**—Expected sometime in November.

Timeplan Finance Corp.
Oct. 8 (letter of notification) 28,570 shares of cumulative preferred stock (par $5) and 14,285 shares of common stock (par 10 cents) to be offered in units of one share of preferred and one-half share of common. **Price**—$10.50 per unit. **Proceeds**—For working capital. **Office**—111 E. Main St., Morristown, Tenn. **Underwriter**—Texas National Corp., San Antonio, Tex.

Tower's Marts, Inc.
Aug. 28 filed 300,000 shares of class A common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To reduce indebtedness by about $300,000, with the balance to be added to working capital of the company and its subsidiaries. **Office**—210 East Main Street, Rockville, Conn. **Underwriters**—To be supplied by amendment.

★ **Transamerica Corp.**
Nov. 9 filed 832,000 shares of capital stock (par $2), to be offered in exchange for the capital stock (par $6.25) of American Surety Co. of N. Y., on the basis of two shares of Transamerica for three shares of Surety. The offer is conditional upon holders of 51% of the Surety stock accepting the exchange. **Office**—Montgomery St. at Columbus Ave., San Francisco, Calif.

Transcon Petroleum & Development Corp., Mangum, Okla.
March 20 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For development of oil properties. **Underwriter**—First Investment Planning Co., Washington, D. C.

★ **Transitron Electronic Corp. (12/8)**
Nov. 6 filed 1,000,000 shares of outstanding common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—168 Albion St., Wakefield, Mass. **Underwriter** — Merrill Lynch, Pierce, Fenner & Smith Inc., New York City.

Transwestern Pipeline Co. (11/18)
Oct. 20 filed $40,000,000 of 5% subordinated debentures due Nov. 1, 1969 and 2,000,000 shares of common stock (par $1), to be offered in units consisting of $100 principal amount of debentures and five shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—Will be used as part of a total estimated financial requirement of $194,498,000 to construct and put into operation a pipeline system to supply natural gas to the customers of Pacific Lighting Company's subsidiaries. **Underwriters** — Lehman Brothers and Merrill, Lynch, Pierce, Fenner & Smith Inc., both of New York.

Trans-World Financial Co. (12/7-12)
Oct. 26 filed 645,000 shares of common stock (par $1) of which 420,000 shares are to be offered for the account of the issuing company, and 225,000 shares are to be offered for the accounts of the present holders thereof. **Price** — To be supplied by amendment. **Proceeds** — To repay bank loans on its own behalf and that of a subsidiary, and to liquidate the unpaid balance for the common stock of a subsidiary, with the balance to be added to general funds. **Office** — 8001 Beverly Boulevard, Los Angeles, Calif. **Underwriter**—W. R. Staats & Co., Los Angeles, who has acquired for investment purposes in exchange for $20,000 cash the 10,000 shares of the filing not accounted for above.

Tri Metal Works, Inc.
Oct. 5 (letter of notification) 60,000 shares of 40 cents cumulative convertible preferred stock (par $1). **Price**—$5 per share. **Proceeds**—For general corporate purposes. **Office**—Bannard & Warrington Aves., East Riverton, N. J. **Underwriter**—R. L. Scheinman & Co., New York, N. Y.

(1960) Trice Oil and Gas Co.
Oct. 2 filed $5,500,000 of participations in Programs 6001-4. **Price**—$5,000 per unit. **Proceeds**—For acquisition and development of undeveloped oil and gas properties. **Office**—Longview, Texas. **Underwriter**—None.

Trinity Small Business Investment Co.
April 17 filed 235,000 shares of capital stock (par $1). **Price** — $10.75 per share. **Proceeds** — For investment. **Office**—South Main Street, Greenville, S. C. **Underwriter**—To be supplied by amendment. Statement effective Sept. 25.

Tungsten Mountain Mining Co.
May 21 (letter of notification) $100,000 principal amount of 7% first mortgage convertible bonds, to be offered in denominations of $500 and $1,000 each. **Price**—100% of principal amount. **Proceeds**—For construction, installation of machinery and equipment and working capital. **Office**—511 Securities Building, Seattle 1, Wash. **Underwriter**—H. P. Pratt & Co., Seattle 4, Wash.

★ **United Control Corp., Seattle, Wash.**
Nov. 10 filed $2,500,000 principal amount of convertible subordinated debentures, due Dec. 1, 1974. **Price**—To be supplied by amendment. **Proceeds**—For construction with the balance (which will be at least $500,000) to be used for general corporate purposes. **Underwriter** — Blyth & Co., Inc., New York.

United Employees Insurance Co.
April 16 filed 2,000,000 shares of common stock (par $5). **Price** — $10 per share. **Proceeds** — For acquisition of operating properties, real and/or personal, including office furniture, fixtures, equipment and office space, by lease or purchase. **Office** — Wilmington, Del. **Underwriter**—None. Myrl L. McKee of Portland, Ore., is President.

United Marine, Inc. (11/23-27)
Oct. 23 filed $1,250,000 of 6% sinking fund debentures, due Dec. 1, 1974, with warrants to purchase 100 common shares for each $1,000 of debentures, and 125,000 shares of common stock (par $1), to be offered in units of 100 common shares and $1,000 of such debentures. **Price**—$1,125 per unit. **Proceeds**—For the acquisition of Richardson Boat Co., Inc., and Colonial Boat Works, Inc., and expenses incidental thereto. **Office**—Millville, N. J. **Underwriter**—Boenning & Co., Philadelphia, Pa.

● **United States Fidelity & Guaranty Co.**
Oct. 8 filed 910,743 shares of capital stock (par $5) being offered to stockholders on the basis of one new share for each five shares held of record Oct. 28. The warrants will expire Nov. 17. **Price**—$26.50 per share. **Proceeds**—To increase capital and surplus. **Underwriters**—Alex. Brown & Sons, Baker, Watts & Co., John C. Legg & Co. and Stein Bros. & Boyce, all of Baltimore, Md.

U. S. Land Development Corp.
Oct. 30 filed 2,250,000 shares of common stock, of which 1,170,000 shares are to be offered pro rata to holders of the outstanding common shares of Eastern Properties, Inc., and 1,080,000 shares are to be offered pro rata to holders of the outstanding common shares of Venice East, Inc., which are to be operated as subsidaries of the issuing company. **Office**—1040 Bayview Drive, Fort Lauderdale, Fla. **Underwriter**—None.

United Tourist Enterprises, Inc.
Jan. 28 filed 4,500,000 shares of class A common stock (par 50 cents). **Price** — $2 per share. **Proceeds** — For development and construction of a "Western Village" and for construction of a Grand Estes Hotel and Convention Hall, to be constructed in the immediate vicinity of Estes Park Chalet, located in Larimer County, Colo. **Office** — 330 South 39th Street, Boulder, Colo. **Underwriter**—Mid-West Securities Corp., Littleton, Colo. Statement effective Oct. 9.

● **Universal Container Corporation (11/30-12/4)**
Sept. 25 filed 167,500 shares of common stock (par 10 cents), of which 150,000 shares are to be publicly offered. **Price**—$4 per share. **Proceeds** — For general corporate purposes, including provision of funds for the purchase of the assets of a similarly engaged enterprise, working capital, new equipment, and expansion. **Office**—Louisville, Ky. **Underwriter**—Michael G. Kletz & Co., New York.

Universal Finance Corp.
July 13 (letter of notification) 10,000 shares of common stock (par 15 cents). **Price**—$5 per share. **Proceeds**—For general operating funds. **Office**—700 Gibralter Life Bldg., Dallas, Tex. **Underwriter**—Texas National Corp., San Antonio, Tex.

Urethane Corp.
Sept. 25 filed 170,000 shares of class A capital stock (par $5) and 170,000 shares of common stock (par 5 cents), to be offered in units of one class A share and one common share. An additional 170,000 shares of common stock will be offered to the founders of the company and to the underwriters. **Price**—$5.05 per unit. **Proceeds**—For general corporate purposes, including the purchase of supplies, machinery, and equipment, and the leasing of a Los Angeles plant for manufacturing purposes. **Office**—235 Montgomery St., San Francisco, Calif. **Underwriters**—Wilson, Johnson & Higgins of San Francisco, and Evans, MacCormack & Co., of Los Angeles.

Val Vista Investment Co., Phoenix, Ariz.
June 29 filed 80 investment contracts (partnership interests) to be offered in units. **Price**—$5,378.39 per unit. **Proceeds**—For investment. **Underwriter**—O'Malley Securities Co. Statement effective Aug. 11.

● **Vance Sanders & Co., Inc. (12/1-4)**
Nov. 3 filed 400,000 shares of non-voting common stock (par 50 cents). **Price**—To be supplied by amendment. **Office** — Boston, Mass. **Underwriter** — Paine, Webber, Jackson & Curtis, New York.

Variable Annuity Life Insurance Co. of America
April 21 filed $4,000,000 of Variable Annuity Policies. **Price**—No less than $120 a year for annual premium contracts and no less than $1,500 for single premium contracts. **Proceeds**—For investment, etc. **Office**—1832 M Street, N. W., Washington, D. C. **Underwriter**—None.

Vita-Plus Beverage Co., Inc.
Aug. 11 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For publicity, advertising, business promotion and initiation of a program of national distribution and for working capital. **Office**—373 Herzl St., Brooklyn, N. Y. **Underwriter**—Glen Arthur & Co., New York, N. Y.

Vulcan Materials Co., Inc.
June 29 filed 10,000 shares of 6¼% cumulative preferred stock and 560,000 shares of common stock, to be offered to the stockholders of Ralph E. Mills Co., Talbott Construction Corp. and Talco Constructors, Inc., in exchange for all the outstanding capital stock of these three corporations, and to the owner of Sherman Concrete Pipe Co., Chattanooga, Tenn., for the business and assets of that company. **Office**—Mountain Brook, Ala. Statement became effective on July 20.

Washington Mortgage and Development Co., Inc.
Sept. 29 filed 100,000 shares of common stock (par 10c). **Price**—$5 per share. **Proceeds**—For investment in mortgage notes secured by real estate. **Office**—1028 Connecticut Ave., N. W. Washington, D. C. **Underwriters**—American Diversified Mutual Securities, Inc. and Gildar & Co., both of Washington, D. C.

Washington Planning Corp.
Oct. 1 (letter of notification) 24,286 shares of new class A stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To go to the company. **Office**—52 Broadway, New York 4, N. Y. **Underwriter**—Heft, Kahn & Infante, Hempstead, N. Y.

Waukesha Motor Co.
Oct. 1 filed approximately 100,000 shares of common stock being offered for subscription by common stockholders on the basis of one new share for each five shares held of record Oct. 27, 1959; rights to expire on Nov. 12. **Price**—$39 per share. **Proceeds**—To repay bank loans and for working capital. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith, Inc., New York.

Wellington Electronics, Inc.
May 6 filed 240,000 shares of common stock (par 75 cents. **Price**—$6 per share. **Proceeds**—For repayment of a bank note; to complete the automation of the etched foil production plant at Englewood, N. J.; for manufacture of machines to be leased to capacitor manufacturers; and for working capital. **Office**—65 Honeck St., Englewood, N. J. **Underwriters**—Amos Treat & Co., Inc., and Truman, Wasserman & Co., both of New York. Statement effective July 8.

Western Wood Fiber Co.
March 5 filed 100,000 shares of common stock (par $10) and 40,000 shares of preferred stock (par $25). **Price** — At par. **Proceeds**—For construction and equipment of company's plant and for working capital. **Office**—300 Montgomery St., San Francisco, Calif. **Underwriter**—None.

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West Florida Natural Gas Co.
Aug. 31 filed $837,200 of 7½% 30-year subordinated income debentures and warrants to purchase 25,116 shares of class A common stock ($1 par). **Price**—$100 per unit consisting of one $100 debenture and a warrant to purchase three shares of class A common stock. **Proceeds**—To be applied, together with moneys in the sinking fund of the issuing company, to the redemption of the outstanding 6% 20-year debenture bonds at their redemption price of 103% of their principal amount. **Office**—Maple and 3rd Streets, Panama City, Fla. **Underwriter**—Beil & Hough, Inc., St. Petersburg, Fla.

★ Western Carolina Telephone Co.
Nov. 4 filed 71,513 shares of common stock (par $5), to be offered to stockholders on the basis of one new share for each five shares held. **Price**—$6.75 per share. **Proceeds**—For general corporate purposes, including the reduction of indebtedness and the continuation of construction. **Office**—15 South Main St., Weaverville, N. C. **Underwriter**—None.

Western Heritage Life Insurance Co.
Aug. 26 filed 500,000 shares of common stock. **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—533 East McDowell Road, Phoenix, Ariz. **Underwriter**—None. Some of the shares may be sold by salesmen employed by the company, or by registered broker-dealers. A commission not to exceed 17%, or 34 cents per share, may be paid to sellers of such shares.

Western Reserve Life Assurance Co.
Oct. 6 filed 100,000 shares of common stock, to be offered for subscription by stockholders at the rate of one new share for each share held. **Price**—To be supplied by amendment. **Proceeds** — For working capital. **Office**—Cleveland, Ohio. **Underwriters**—McDonald & Co., and Ball, Burge & Kraus, both of Cleveland, Ohio.

• White Shield Corp., New York (11/16-20)
Oct. 20 filed 110,000 shares of common stock (par 10c). **Price**—To be supplied by amendment. **Proceeds**—For advertising and general funds. **Underwriter**—The shares are to be offered on an "all or none" basis by Adams & Peck, of New York, who will advise the issuing company before the close of business on the third full business day following the effective date of registration as to whether they will purchase the shares.

Winkelman Bros. Apparel, Inc. (12/1)
Oct. 22 filed 145,000 shares of class A common stock (par $3), of which 70,000 shares are to be offered for the account of the company and 75,000 shares, representing outstanding stock, are to be offered for the accounts of the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—25 Parsons St., Detroit, Mich. **Underwriter**—Watling, Lerchen & Co., Detroit.

World Publishing Co. (11/17)
Oct. 23 filed 100,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For plant and working capital. **Office**—2231 W. 110th Street, Cleveland, Ohio. **Underwriter**—Joseph, Mellen & Miller, Inc., Cleveland, Ohio and New York.

★ Word Record Distributing Co.
Oct. 30 (letter of notification) 20,000 shares of common stock (par 10 cents) to be offered primarily to distributors, certain key men within the distributor organizations and recording artists of the company. **Price**—$10 per share. **Proceeds**—To retire a debt; purchase inventory, etc. **Office**—3407 Franklin Ave., Waco, Tex. **Underwriter**—None.

Wyoming Nuclear Corp.
Sept. 11 (letter of notification) 10,000,000 shares of common stock. **Price**—At par (three cents per share). **Proceeds**—For mining expenses. **Office**—Noble Hotel Bldg., Lander, Wyo. **Underwriter**—C. A. Benson & Co., Inc., Pittsburgh, Pa.

★ York County Gas Co.
Oct. 26 (letter of notification) 5,571 shares of common stock (par $20), to be offered for subscription by stockholders of record Nov. 17, 1959, on the basis of one new share for each 15 shares then held; warrants to expire Dec. 8, 1959. Unsubscribed shares go to full-time, regular employees (including officers) allowing them to subscribe for not more than 100 additional shares, subject to allotment; these rights also expire Dec. 8, 1959. **Price**—$47 per share. **Proceeds**—To pay off a temporary bank loan. **Office**—127 W. Market St., York, Pa. **Underwriter**—None.

Prospective Offerings

American Gypsum Co.
July 15 it was reported that the company will register debt and equity securities later this year. **Proceeds**—For construction of a gypsum products plant in Albuquerque, New Mexico, and for working capital. **Office**—Albuquerque, N. M. **Underwriters**—Jack M. Bass & Co., Nashville, Tenn., and Quinn & Co., Albuquerque, N. M.

American Hospital Supply Corp.
Oct. 28 directors of this company have authorized an additional equity financing, number of shares has not as yet been determined. **Proceeds**—For company's expansion program, to retire bank loans, and for general corporate purposes. **Underwriters**—Eastman Dillon, Union Securities & Co. and Smith, Barney & Co., both of New York.

American Jet School, Inc., Lansing, Mich.
Aug. 31 it was announced that the corporation plans to issue and sell 100,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For expansion of present Michigan and Ohio sales force to a national one, and introduction of new courses and resident study schools. **Business** — In correspondence school business. **Office**—1609 Kalamazoo St., Lansing, Mich. **Underwriter** — In New York, to be named.

★ Arkansas Power & Light Co.
Nov. 9 asked the SEC for permission to issue and sell $15,000,000 principal amount of first mortgage bonds, due 1989. **Proceeds** — For general corporate purposes, including the reduction of anticipated indebtedness and the financing of new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: W. C. Langley & Co., Glore, Forgan & Co., and Stone & Webster Securities Corp.

Bell Telephone Co. of Pennsylvania
Sept. 25 it was announced that the company plans the sale of $30,000,000 of debentures dated Dec. 1, 1959. **Proceeds** — To replace short-term borrowings used to finance construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Morgan Stanley & Co.; White, Weld & Co. and Eastman Dillon, Union Securities & Co. (jointly). **Bids**—Expected to be received on Dec. 15.

Benson Manufacturing Co., Kansas City, Mo.
June 10 it was announced that the company contemplates an offering of $4,500,000 of common stock. **Proceeds** — For expansion program and additional working capital. **Business**—The company is engaged in the manufacture of aircraft and missile parts, aluminum containers and beer barrels, aluminum curtain wall sections for the building industry and other proprietary products. **Underwriter**—S. D. Fuller & Co., New York.

• Brooklyn Union Gas Co.
Aug. 19 it was reported that the company is contemplating some additional equity financing, the form of which will be decided on shortly. It will probably be preferred stock. **Proceeds** — For construction program. **Offering**—Expected in the first quarter of 1960.

Coffee House, Inc., Lansing, Mich.
Aug. 31 it was announced company plans to issue and sell 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds** — To build chain of coffee houses, establish commissaries and for general corporate purposes. **Office** — 1500 Clifton Ave., Lansing, Mich. **Underwriter**—In New York, to be named.

Consolidated Natural Gas Co.
May 19, James Comerford, President, announced that company plans later in year to issue and sell $20,000,000 of debenture bonds, if market conditions are favorable. **Proceeds**—For investments, improvements, etc. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. and The First Boston Corp. (jointly); White, Weld & Co. and Paine, Webber, Jackson & Curtis (jointly).

First National Bank of Jersey City, N. J.
Oct. 29 directors of this bank proposed a 31,000 share subscription offering to its shareholders. Shareholders would be given the right to subscribe pro-rata on the basis of about one new share for each 6.09 shares held. **Price**—$53 per share. **Proceeds**—To increase capital and surplus.

First National Bank of Miami, Fla.
Sept. 14 it was announced stockholders have approved a proposed offering to stockholders of 150,000 additional shares of capital stock (par $10) on the basis of one new share for each four shares held. **Price**—$40 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—None.

Florida West Coast Corp.
Oct. 22 it was reported that a public offering of common stock is expected later this year. **Proceeds** — For land acquisition. **Office**—30 East 60th Street, New York City. **Underwriter**—Midtown Securities Corp., same address.

• Georgia-Pacific Corp.
Aug. 19 it was reported that the company plans to register about $10,000,000 of convertible preferred stock, conversion of which would add about 600,000 shares to the number of common shares currently outstanding. **Proceeds** — For expansion. **Office** — Olympia, Wash. **Underwriter**—Financing in past has been handled by Blyth & Co., Inc. **Offering** — Expected pursuant to a stockholders meeting to be held on Dec. 4 in Augusta, Georgia.

Hawaiian Telephone Co.
Aug. 3 it was reported company received approval from the Territorial Public Utilities Commission to issue about $4,500,000 of new bonds. Last bond issues were placed privately.

Independent Radio, Inc., Lansing, Mich.
Aug. 31 it was announced company plans to issue and sell 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For acquisition of radio stations. **Business**—Radio broadcasting. **Office**—130 Shepard St., Lansing, Mich. **Underwriter**—In New York, to be named.

Louisiana Gas Service Co. (1/19)
Nov. 4 it was reported that the company contemplates the sale of $7,500,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc., and Kidder, Peabody & Co. (jointly); Salomon Bros. & Hutzler, Eastman Dillon, Union Securities & Co., and Equitable Securities Corp. (jointly). **Bids**—Expected to be received on Jan. 19.

National Mail Order Co., Lansing, Mich.
Oct. 5 it was announced company plans to register an issue of 100,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—For expansion and working capital. **Office**—130 Shepard St., Lansing, Mich. **Underwriter**—To be named later in New York State.

★ Nedick's Stores, Inc.
Nov. 12 it was reported that the company is contemplating the placing in registration of 17,000 shares of common stock. About 66% of the issue will be sold for the company's account and the remaining 34% balance will be sold for the account of a selling stockholder. **Underwriter**—Van Alstyne, Noel & Co., New York.

• New-Era Corporation, Rochester, Mich.
Sept. 1 it was reported that this company contemplates the early registration of approximately 200,000 shares of common stock. **Business**—Manufacturer of mufflers and gears. Underwriter—Mortimer B. Burnside & Co., Inc., New York. **Registration**—Expected this week.

• Public Service Electric & Gas Co.
Oct. 21 it was announced that the company on that date filed an application with the Board of Public Utility Commissioners of the State of New Jersey covering the proposed issuance and sale of 800,000 shares of common stock (without nominal or par value). **Proceeds**—To be added to the general funds of the company and will be used for its general corporate purposes, including payment before maturity of any unsecured bank loans which may be outstanding, and including payment of a portion of the cost of its current construction program. **Offering**—Expected in December. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc. **Registration** — Expected later this month.

South Carolina Electric & Gas Co.
June 22, S. C. McMeekin, President, announced plans to sell approximately $8,000,000 of bonds in December, 1959. **Proceeds**—To repay bank loans incurred for current construction program. Previous issues have been placed privately.

Tampa Electric Co.
Sept. 14 it was reported that the company is planning the sale of about $7,000,000 of additional common stock, probably in the form of a rights offering and a negotiated underwriting. Last rights offering was underwritten by Stone & Webster Securities Corp., New York.

• Telechrone Manufacturing Co.
Oct. 28 it was reported that this company has acquired a half-interest in Hammarlund Manufacturing Corp. from the estate of Joseph Lush for cash. A common stock offering will be registered in a couple of days. **Underwriters**—Amos Treat & Co. and Truman Wasserman & Co., both of New York.

• Telechrome Manufacturing Corp.
Nov. 4 it was reported that the company contemplates the issuance of some debentures and some common stock, probably in the latter part of this year, or early part of next January (subject to SEC clearance). **Office**—Amityville, Long Island, N. Y. **Underwriters**—Amos Treat & Co. and Truman, Wasserman & Co., Inc., both of New York. **Registration**—Expected in a couple of days.

Trade Bank & Trust Co.
It was announced Nov. 4 that stockholders have approved an increase in the bank's capital stock by 39,340 shares to pave the way for an offering of additional stock to holders at $19 a share. The offering, to be made at the rate of one new share for each eight held of record Nov. 6, will expire Nov. 30.

Transcon Lines
Oct. 9 filed an application with the ICC seeking permission to issue 57,000 shares of common stock (par $2.50), of which 45,000 shares will be offered for the account of the company and 12,000 shares are to be offered for the account of a selling stockholder. **Price**—To be supplied by amendment. **Proceeds**—The proceeds in entirety will be used to reduce equipment obligations owing to the Bank of America National Trust & Savings Association. **Underwriter**—Dempsey-Tegeler & Co., St. Louis, Mo. **Offering**—Expected in November.

Transcontinental Gas Pipe Line Corp.
Sept. 29 it was announced that the company plans to come to market twice in 1960 with the sale of first mortgage bonds, and common and preferred stock. **Proceeds**—To raise permanent funds for the financing of its 1960 expansion program. **Office**—Houston, Texas.

Trav-ler Radio Corp.
Sept. 10 it was reported that the company is contemplating the issuance and sale of some additional common stock. **Underwriters**—Lee Higginson Corp., New York; and Straus, Blosser & McDowell, Chicago, Ill.

• Worcester County Electric Co. (12/7)
This subsidiary of New England Electric System, has applied to the SEC for an order authorizing it to increase the amount of its common stock, $25 par value, by 35,000 additional shares and to issue and sell such shares to New England Electric System at a price of $60 per share. The application also requests an order authorizing the issuance and sale by Worcester, at competitive bidding, of $7,500,000 principal amount of first mortgage bonds due Dec. 1, 1989. The Commission has issued an order giving interested persons until Nov. 23, 1959, to request a hearing on the proposals. **Proceeds**—First to the payment of short-term notes payable, then outstanding, incurred for capitalizable construction expenditures, including notes payable to NEES, presently amounting to $6,800,000. The balance will be used to pay the cost of or the reimbursement of Worcester's treasury for, extensions, enlargements, and additions to the plant and property of the company. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; Blyth & Co., Inc. and White, Weld & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.; The First Boston Corp.; Coffin & Burr, Inc. **Bids**—Expected to be received on Dec. 7.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated Steel operations (per cent capacity)	Nov. 7	§13.0	*13.1	12.8	74.5
Equivalent to—					
Steel ingots and castings (net tons)	Nov. 7	§368,000	*371,000	362,000	2,011,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Oct. 30	6,886,775	6,875,075	6,824,875	6,911,385
Crude runs to stills—daily average (bbls.)	Oct. 30	¶7,491,000	7,662,000	7,618,000	7,752,000
Gasoline output (bbls.)	Oct. 30	27,239,000	27,236,000	28,544,000	27,400,000
Kerosene output (bbls.)	Oct. 30	1,880,000	2,140,000	2,100,000	2,144,000
Distillate fuel oil output (bbls.)	Oct. 30	11,849,000	12,253,000	12,635,000	13,039,000
Residual fuel oil output (bbls.)	Oct. 30	6,279,000	5,902,000	5,825,000	7,123,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Oct. 30	176,147,000	*178,017,000	175,857,000	168,476,000
Kerosene (bbls.) at	Oct. 30	33,035,000	33,176,000	32,231,000	32,374,000
Distillate fuel oil (bbls.) at	Oct. 30	181,546,000	181,445,000	174,169,000	166,414,000
Residual fuel oil (bbls.) at	Oct. 30	58,050,000	58,699,000	59,524,000	68,198,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Oct. 31	588,148	607,347	572,502	674,991
Revenue freight received from connections (no. of cars)	Oct. 31	524,211	527,267	528,977	556,284
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Nov. 5	$251,900,000	$318,500,000	$241,500,000	$221,470,000
Private construction	Nov. 5	104,300,000	177,800,000	141,900,000	73,961,000
Public construction	Nov. 5	147,600,000	140,700,000	99,600,000	147,509,000
State and municipal	Nov. 5	120,900,000	113,900,000	85,300,000	125,419,000
Federal	Nov. 5	26,700,000	26,800,000	14,300,000	22,090,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Oct. 31	8,065,000	8,100,000	7,600,000	8,791,000
Pennsylvania anthracite (tons)	Oct. 31	369,000	433,000	433,000	380,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Oct. 31	145	*150	143	136
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Nov. 7	13,019,000	12,978,000	13,086,000	12,311,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Nov. 5	265	273	274	331
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Nov. 3	6.196c	6.196c	6.196c	6.196c
Pig iron (per gross ton)	Nov. 3	$66.41	$66.41	$66.41	$66.41
Scrap steel (per gross ton)	Nov. 3	$46.17	$46.17	$43.50	$42.83
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Nov. 4	32.715c	32.875c	32.500c	28.625c
Export refinery at	Nov. 4	30.875c	32.375c	27.825c	30.525c
Lead (New York) at	Nov. 4	13.000c	13.000c	13.000c	13.000c
Lead (St. Louis) at	Nov. 4	12.800c	12.800c	12.800c	12.800c
‡Zinc (delivered) at	Nov. 4	13.000c	13.000c	12.500c	11.500c
Zinc (East St. Louis) at	Nov. 4	12.500c	12.500c	12.000c	11.000c
Aluminum (primary pig. 99.5%) at	Nov. 4	24.700c	24.700c	24.700c	24.700c
Straits tin (New York) at	Nov. 4	101.375c	101.625c	103.250c	97.625c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Nov. 10	82.69	82.85	82.58	87.90
Average corporate	Nov. 10	84.17	84.04	83.91	89.92
Aaa	Nov. 10	87.86	87.86	87.99	94.56
Aa	Nov. 10	85.98	85.72	85.46	92.93
A	Nov. 10	84.17	84.17	83.66	89.37
Baa	Nov. 10	79.13	79.01	78.90	83.66
Railroad Group	Nov. 10	82.52	82.65	82.77	87.99
Public Utilities Group	Nov. 10	83.79	83.53	82.77	89.78
Industrials Group	Nov. 10	86.38	86.11	86.24	92.35
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Nov. 10	4.26	4.24	4.26	3.62
Average corporate	Nov. 10	4.85	4.86	4.87	4.42
Aaa	Nov. 10	4.57	4.57	4.56	4.10
Aa	Nov. 10	4.71	4.73	4.75	4.21
A	Nov. 10	4.85	4.85	4.89	4.46
Baa	Nov. 10	5.26	5.27	5.28	4.89
Railroad Group	Nov. 10	4.98	4.97	4.96	4.56
Public Utilities Group	Nov. 10	4.88	4.90	4.96	4.43
Industrials Group	Nov. 10	4.68	4.70	4.69	4.25
MOODY'S COMMODITY INDEX	Nov. 10	385.8	388.5	376.8	396.4
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Oct. 31	328,047	291,955	363,714	324,112
Production (tons)	Oct. 31	332,303	317,823	331,401	317,807
Percentage of activity	Oct. 31	96	94	97	95
Unfilled orders (tons) at end of period	Oct. 31	483,208	487,298	532,006	427,573
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Nov. 6	111.77	111.64	110.81	109.27
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Oct. 16	1,874,840	1,769,620	1,762,943	3,633,670
Short sales	Oct. 16	300,750	314,600	242,740	782,800
Other sales	Oct. 16	1,527,530	1,453,820	1,594,118	2,798,190
Total sales	Oct. 16	1,828,280	1,768,420	1,836,858	3,580,990
Other transactions initiated off the floor—					
Total purchases	Oct. 16	364,030	424,220	332,410	1,034,720
Short sales	Oct. 16	[illegible]	[illegible]	27,300	96,200
Other sales	Oct. 16	317,340	338,060	377,440	1,030,670
Total sales	Oct. 16	370,440	392,610	404,740	1,126,870
Other transactions initiated on the floor—					
Total purchases	Oct. 16	670,345	726,438	560,651	1,306,790
Short sales	Oct. 16	144,583	162,950	135,220	196,330
Other sales	Oct. 16	629,165	580,063	742,595	1,407,890
Total sales	Oct. 16	773,748	743,013	877,815	1,604,220
Total round-lot transactions for account of members—					
Total purchases	Oct. 16	2,909,215	2,920,278	2,656,004	5,975,180
Short sales	Oct. 16	498,433	532,100	405,260	1,075,330
Other sales	Oct. 16	2,474,035	2,371,943	2,714,153	5,236,750
Total sales	Oct. 16	2,972,468	2,904,043	3,119,413	6,312,080
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	Oct. 16	1,705,039	1,152,174	1,629,386	1,579,985
Dollar value	Oct. 16	$89,400,397	$58,801,306	$81,101,534	$73,873,406
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Oct. 16	1,333,654	885,629	1,127,969	1,649,516
Customers' short sales	Oct. 16	13,077	10,441	21,127	10,673
Customers' other sales	Oct. 16	1,320,577	875,188	1,106,842	1,638,843
Dollar value	Oct. 16	$67,224,748	$44,372,645	$55,411,752	$78,194,301
Round-lot sales by dealers—					
Number of shares—Total sales	Oct. 16	327,980	190,930	255,420	576,230
Short sales	Oct. 16	------	------	------	------
Other sales	Oct. 16	327,980	190,930	255,420	576,230
Round-lot purchases by dealers— Number of shares	Oct. 16	711,220	491,640	733,870	512,170
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	Oct. 16	623,450	642,980	570,320	1,354,310
Other sales	Oct. 16	11,292,130	11,663,290	12,186,320	24,810,340
Total sales	Oct. 16	11,915,580	12,306,270	12,756,640	26,164,650
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Nov. 3	119.2	119.3	119.2	118.7
Farm products	Nov. 3	86.6	86.8	86.8	91.4
Processed foods	Nov. 3	105.8	106.3	106.2	109.8
Meats	Nov. 3	93.9	*94.9	95.9	104 2
All commodities other than farm and foods	Nov. 3	128.6	128.6	128.5	126.2

*Revised figure. ¶Includes 975,000 barrels of foreign crude runs. §Based on new annual capacity of 147,633,670 tons as of Jan. 1, 1959, as against Jan. 1, 1958 basis of 140,742,570 tons. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound.

	Latest Month	Previous Month	Year Ago
ALUMINUM (BUREAU OF MINES):			
Production of primary aluminum in the U. S. (in short tons)—Month of August	172,816	179,194	125,416
Stocks of aluminum (short tons) end of Aug.	94,029	60,419	145,205
AMERICAN RAILWAY CAR INSTITUTE—			
Month of September:			
Orders for new freight cars	945	1,753	1,585
New freight cars delivered	2,481	4,890	2,198
Backlog of cars on order and undelivered (end of month)	35,626	37,172	24,982
AMERICAN TRUCKING ASSOCIATION, INC.—			
Month of August:			
Intercity general freight transported by 365 carriers (in tons)	5,810,381	6,022,832	4,954,493
COAL EXPORTS (BUREAU OF MINES)—			
Month of August:			
U. S. exports of Pennsylvania anthracite (net tons)	108,424	119,477	158,369
To North and Central America (net tons)	107,864	90,162	124,524
To Europe (net tons)	------	8,075	31,693
To Asia (net tons)	560	12,422	2,128
To South America (net tons)	------	8,818	24
Undesignated	------	------	------
EDISON ELECTRIC INSTITUTE—			
Kilowatt-hour sale to ultimate customers—Month of August (000's omitted)	53,658,261	52,661,302	48,997,378
Revenue from ultimate customers—Month of August	$906,896,000	$886,209,000	$836,854,000
Number of ultimate customers at Aug. 31	57,037,919	56,918,243	55,807,941
FABRICATED STRUCTURAL STEEL (AMERICAN INSTITUTE OF STEEL CONSTRUCTION)—Month of September:			
Contracts closed (tonnage)—estimated	284,114	196,985	255,584
Shipments (tonnage)—estimated	182,596	220,420	313,701
METAL OUTPUT (BUREAU OF MINES)—			
Month of August:			
Mine production of recoverable metals in the United States:			
Gold (in fine ounces)	138,329	*160,859	154,763
Silver (in fine ounces)	2,272,487	*2,885,519	2,445,031
Copper (in short tons)	46,205	*80,488	67,057
Lead (in short tons)	21,694	*19,539	19,455
Zinc (in short tons)	31,005	*31,383	29,300
METAL PRICES (E. & M. J. QUOTATIONS)—			
October:			
Copper—			
Domestic refinery (per pound)	32.576c	31.018c	27.310c
Exports refinery (per pound)	29.150c	28.015c	28.573c
††London, prompt (per long ton)	£241,920	£230,375	£236,288
††Three months, London (per long ton)	£236,875	£230,438	£229,772
Lead—			
Common, New York (per pound)	13.000c	13.000c	12.642c
Common, East St. Louis (per pound)	12.800c	12.800c	12.442c
††London, prompt (per long ton)	£70.619	£70.722	£74.049
††Three months, London (per long ton)	£71.608	£72.088	£74.576
Zinc (per pound)—East St. Louis	12.129c	11.334c	10.838c
§§Zinc, prime Western, delivered (per pound)	12.629c	11.834c	11.338c
††Zinc, London, prompt (per long ton)	£91.366	£86.071	£70.467
††Zinc, London, three months (per long ton)	£88.457	£84.991	£69.492
Silver and Sterling Exchange—			
Silver, New York (per ounce)	91.375c	91.399c	89.966c
Silver, London (per ounce)	79.955d	78.898d	77.989d
Sterling Exchange (check)	$2.80627	$2.80370	$2.80705
Tin, New York Straits	102.274c	102.435c	96.558c
Gold (per ounce, U. S. price)	$35.000	$35.000	$35.000
Quicksilver (per flask of 76 pounds)	$223.333	$223.810	$222.769
¶Antimony, New York, boxed	32.590c	32.590c	32.590c
Antimony (per pound), bulk Laredo	29.000c	29.000c	29.000c
Antimony (per pound), boxed Laredo	29.500c	29.500c	29.500c
Platinum, refined (per ounce)	$77.000	$77.000	$57.000
Cadmium (per pound, deliver ton lots)	$1.30000	$1.20000	$1.45000
Cadmium (small lots)	$1.40000	$1.30000	Not Avail.
Cobalt, 97% grade (per pound)	$1.75000	$1.75000	$2.00000
Aluminum, 99% grade ingot weighted average (per pound)	26.800c	26.800c	26.800c
Aluminum, 99% grade primary pig	24.000c	24.700c	24.700c
Magnesium ingot (per pound)	35.250c	35.250c	35.250c
**Nickel	74.000c	74.000c	74.000c
Bismuth (per pound)	$2.25	$2.25	$2.25
TIN—CONSUMPTION OF PRIMARY AND SECONDARY TIN IN THE UNITED STATES (BUREAU OF MINES)—Month of August (in long tons):			
Stocks beginning of period	33,745	33,745	32,460
Receipts	4,080	5,705	5,154
Supply	37,825	39,450	37,614
Stocks at end of period	32,975	33,745	31,345
Total processed	4,850	5,705	6,269
Intercompany scrap transactions	90	105	204
Consumed in manufacturing	4,760	5,600	6,065
Primary	2,185	3,210	4,250
‡Secondary	2,575	2,390	1,815
U. S. GOVT. STATUTORY DEBT LIMITATION—As of Oct. 31 (000's omitted):			
Total face amount that may be outstanding at any time	$295,000,000	$295,000,000	$288,000,000
Outstanding—			
Total gross public debt	291,253,050	288,296,022	280,211,456
Guaranteed obligations not owned by the Treasury	118,471	115,983	111,943
Total gross public debt and guaranteed obligations	$291,371,521	$288,472,006	$280,323,400
Deduct—other outstanding public debt obligations not subject to debt limitation	413,363	414,806	426,090
obligations	$291,371,521	$288,412,006	$280,323,400
Balance face amount of obligations issuable under above authority	4,041,841	7,002,801	8,102,690
UNITED STATES GROSS DEBT DIRECT AND GUARANTEED—(000's omitted):			
As of Oct. 31	$291,371,521	$288,412,006	$280,323,400
General funds balance	6,375,951	7,016,559	4,534,264
Net debt	$284,995,570	$281,395,447	$275,789,136
Computed annual rate	3.194%	3.137%	2.647%

*Revised figure. †Estimated totals based on reports from companies accounting for 96% of primary, 95% of secondary tin consumption in 1957 and 97% of total stocks end of 1957. ‡Includes tin content of imported tin-base alloys. ¶Domestic five tons or more but less than carload lot boxed. §§Delivered where freight from East St. Louis exceeds 0.5c. **F.o.b. Fort Colburne, U. S. Duty included. ††Average of daily mean and bid and ask quotations per long at morning session of London Metal Exchange. ‡‡Increase all stocks.

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

The Customer Is Sometimes Right

One of the problems that always confronts the advisor when he is asked an opinion regarding an investment decision is that he is always subject to "second guessing" if his opinion turns out to be wrong. Not only are investment salesmen in this position, but trust officers and investment counsellors as well. When you are asked to predict a course of action all you can do is to evaluate the situation in the light of the known facts at the time. Sometimes your decision is proved to be right and very often unknown factors or extraneous events intervene. At best, the lot of the advisor is a precarious one.

Temper Your Opinions

Since the foregoing statement of facts is well known, and nearly every salesman and investment advisor has had some experiences that will testify to the hazards involved, it is sometimes a good idea to take a second look at your own situation in this respect. Very often investment salesmen are **not** asked for an opinion regarding a specific investment. Instead of accepting the order to buy or sell, however, they believe that it behooves them to make a comment of their own which, in their sincere opinion, may be of benefit to the client. This can be a excellent way to lead with your chin and sometimes lose the confidence of a customer.

About a year ago a certain salesman of my acquaintance received a telephone call from a substantial client who wanted to buy 10,000 shares of a penny stock. It was selling around 80 cents a share. He looked into the situation and he asked his firm what they thought about it. They expressed the opinion that the stock was very speculative, and the company had slight chance of becoming a factor in its industry due to its weak competitive position and insufficient capital. The analysis on the facts was correct. They also correctly told the salesman that if he accepted the order they would only handle it on a commission agency, unsolicited basis. That was satisfactory to the customer because the order was received by the salesman on that basis.

In this instance the salesman relayed the opinion of his firm to the customer and, after some conversation pro and con, the order was not placed. Ordinarily this would appear to be a justifiable service on the part of this firm and its representative. But as sometimes happens, this particular company came up with a very substantial government order and obtained some new capital. The result was that the stock jumped up to three almost overnight. Then it kept on climbing and within a matter of a few weeks had moved up to $9 a share. Now the customer is very much upset. In his mind he thinks this salesman and his firm cost him about $80,000 in profits by giving him their unasked for opinion after he called to place a commission order. I am sure that neither this firm or its representative had anything but the best intentions when they poured cold water on this customer's buy order but that doesn't help the situation. In his mind "somebody done him wrong" and he doesn't like it.

When You Get an Order Place It

It is a good rule to remember, when you consider the pitfalls involved, to place your orders as you get them. No matter what you think about an investment decision button up your lip and keep your advice on ice unless you are ASKED FOR IT. There are enough imponderables in this business of trying to predict the future without going out on a limb when you don't have to do so. In many cases you may be charged with negligence and bad judgment even when you don't pass an opinion. There are some people who think you should tell them when to buy and when to sell and if you miss the top and sell too soon, there you go, you've done it again. Sometimes it is also a good idea to let your customer make the decisions not only regarding when to buy but also when to sell. If asked for an opinion, that is one thing, but if not—"Let Joe do it, after all it's his money, isn't it?"

Ralph Mineo Opens

BROOKLYN, N. Y.—Ralph Mineo is engaging in a securities business from offices at 615 Myrtle Avenue.

LETTER TO THE EDITOR:

Drastic Tax Reforms Needed

Correspondent maintains that the corporate income tax involves an additional levy on the shareholder's income, and constitutes "gross discrimination" against him. Suggests the proportion of profits retained in the business should be taxed proportionately to each owner. Mr. Herold calls for a complete abolition of the corporate income levy to be incorporated in overall reform of tax legislation.

Editor, Commercial and Financial Chronicle:

Under our income tax laws, in theory at least, profits from a business, whether distributed to the owner or withheld for new capital expenditures, constitute earned income, the same as salaries and wages, and are taxable as such to the owners of the business. Theoretically, therefore, only the **owners** of corporations and partnerships should pay taxes thereon at whatever going individual rates may prevail. The "corporation" or the "partnership" in reality have no actual existence apart from the individuals whom they represent.

Paul J. Herold

Under present law, however, an individual who chooses to engage in business as a part-owner of a large corporation, **regardless of his tax bracket**, whether it be 20% or 90%, must first pay a 52% tax on his income from such a source as a penalty merely for combining his savings with those of others under the corporate form of ownership. **This constitutes gross discrimination.**

In theory, therefore, there should be no corporate income tax. However, the amount of profits retained by a corporation for reinvestment and not distributed in dividends should be taxed proportionately to each owner. There seems to be no practical method of collecting such a tax from the **individual** owner.

In recognition of this fact, the tax on so-called "long-term capital gains" was theoretically presumed to remedy this deficiency. Profits retained and reinvested in the business would make the value of the business that much greater and reflect the income on which no tax had been paid. When the shares of stock were sold, the "profit," if any, would represent the accumulation of such undistributed profits and in justice should be taxed as income to the individual recipient.

Any so-called "capital gains tax," beyond the amount assessable against retained earnings for the period of individual ownership, would not be a tax as **income**, but would constitute a levy on **capital**. (The substantial portion of increase in share prices over the last two decades which represents price inflation, for instance, is **not** earned income and should not be taxed as such.) What is overlooked in this entire theory of taxing such capital gains, however, is the fact that undistributed profits have already been taxed at the arbitrary rate of 52% via the "corporate" income tax!

The corporate income tax should be abolished. Withheld profits should be taxed as income to the individual each year. If this were done, the tax on long-term capital gains on corporate shares should be abolished. These changes would bring **tax equality** to the corporate shareholder. He would no longer be a second-class citizen taxwise. However, there are too many practical problems of collection involved to permit attainment of this ideal objective at this time. From the standpoint of expediency, it might be better to substitute for the capital gains tax a corporate income tax at a rate of 15% or so to be applied only on undistributed earnings.

This theory of fair taxation, or some reasonable facsimile thereof, should be embodied in a statement of national tax policy as one of the ultimate goals toward which, in all fairness, our tax reform legislation should gradually aim and studies should be made by competent tax economists of the impact on Federal revenues, corporate profits and consumer prices that might result.

PAUL HEROLD
Vice-President, Investors League, New York City.

Forms Trend Investments

BROOKLYN, N. Y. — Arthur P. Nash is conducting a securities business from offices at 1374 Flatbush Avenue under the firm name of Trend Investments.

Raymond Service Opens

LONG ISLAND CITY, N. Y.— Raymond Service Inc. is conducting a securities business from offices at 36-40 Thirty-Seventh Street.

Form Rochester Co.

BUFFALO, N. Y. — Rochester & Company Securities, Inc. has been formed with offices in the Walbridge Building to engage in a securities business.

I. J. Schenin Opens

I. J. Schenin Co. is conducting a securities business from offices at 39 Broadway, New York City. Irving J. Schenin is a principal.

RAILROAD SECURITIES

Baltimore & Ohio

Earnings and traffic of the Baltimore & Ohio were particularly hurt by the prolonged steel strike. This road is highly dependent on heavy industry for its carloadings. In addition to hauling finished steel products to other industries, the carrier also depends on iron ore and bituminous coal.

With workers returning to the mills, at least for the time being, depleted stocks of ore and coal should increase the demand for these commodities. There is reportedly a good supply of foreign iron ore stored at dockside at the Port of Baltimore. Another factor which should help B. & O.'s earnings over the balance of the year is the fact the Great Lakes probably will be closing shortly because of icing conditions. This will leave the mills with the alternative of an all rail movement of the ore from the iron range and this is a high cost operation. The ore tends to freeze in the cars and either steam or a shaking process has to be used.

While traffic should recover sharply as the mills build up inventories of raw materials and other industries replenish their supplies of steel, Baltimore & Ohio will be forced to build up its car fleet. Maintenance of equipment expenditures has held up fairly well so far this year, the railroad still has substantial expenditures which must be made. On Sept. 1, some 20,600 freight cars, or 22% of the entire fleet, were waiting for repairs. This is a substantial number of bad-order cars and it will mean large expenditures in coming months. If the maintenance men receive a wage increase in coming months, it will mean a further rise in these costs which will be reflected in income since the road will not be in a position to carry down to net much of the additional expected gross revenues.

One factor which will aid expenses is the complete dieselization of the carrier which importantly means there will not be expensive repairs to steam locomotives. The elimination of steam is expected to be reflected in maintenance costs but also in better operating efficiency. Benefits from dieselization are already being accomplished by the B. & O. with savings from heavier and longer trains. In the first eight months of 1959, the transportation ratio was reduced to 42.4%, some two points under the ratio for the like 1958 months. As traffic picks up, further savings are anticipated.

Passenger deficits are expected to be further cut by curtailment of service and also through dieselization. The elimination of passenger service between New York and Baltimore in April, 1958, was reflected in the drop in the passenger deficit, on a direct cost basis, to $11,900,000 from $18,000,000 in 1957. The deficit for this year is expected to be even lower due to a reduction of 14.3% in passenger train mileage during the first seven months.

If traffic should pick up sharply, B. & O. would be forced to pay fairly high rentals for equipment until such time as it brought its fleet up to date. Rental equipment costs have increased from $13,000,000 in 1956 to $19,200,000 last year and expenses for 1959 probably will run higher.

On Aug. 31, cash and cash equivalents amounted to $29,200,000 up from $17,300,000 on the like 1958 date. Net working capital showed a drop of about $1,000,000 from a year ago to $30,800,000. Cash flow from depreciation is estimated at $18,600,000 while equipment trust certificates and other debt maturing in the next 12 months totals $20,700,000.

Currently Baltimore & Ohio has been paying 37½ cents quarterly, or $1.50 a year. This rate is expected to be maintained since the road should better the $2 a share, after funds. This would compare with $3.95, after funds reported in 1958.

Andersen, Randolph Branch

TORRENCE, Calif. — Andersen, Randolph & Co., Inc., has opened a branch office at 1528 Cravens Avenue under the direction of R. E. Simmons.

Felton-Surrey Corp.

BROOKLYN, N. Y.—Felton-Surrey Corp. is engaging in a securities business from offices at 98 Montague Street (c/o Zeif).

Form Klapper Assoc.

BROOKLYN, N. Y.—Dave Klapper is engaging in a securities business from offices at 1869 Hendrickson Street under the firm name of D. Klapper Associates.

Kruge Forms Partnership

Walter C. Kruge and Fabyan R. Saxe have formed a partnership with offices at 50 Broadway, New York City, to engage in a securities business.

Seeburg in Inv. Business

CHICAGO, Ill.—N. Marshall Seeburg and Sons, Inc. is engaging in a securities business from offices at 919 North Michigan Boulevard. Noel M. Seeburg, Jr. is a principal.

Butler, Herrick Branch

PATCHOGUE, N. Y.—Butler, Herrick & Marshall have opened a branch office at 27 Ocean Avenue, South, under the management of John P. Murphy.

Now Mark-William Co.

KEW GARDENS, N. Y. — The Mark-William Co., 144-37 Seventy-sixth Avenue is continuing the investment business of Mrs. Belle Cohen.

J. Eisenberg Opens

BROOKLYN, N. Y.—Jerome Eisenberg is conducting a securities business from offices at 1517 Bedford Avenue.

Alkow Appoints

BEVERLY HILLS, Calif.—Alkow & Co., Inc., members New York, American, and Pacific Coast Stock Exchanges, has appointed Harry W. Snow as resident co-manager and Gerard H. Wayne as director of sales and public relations of their Beverly Hills office at 9235 Wilshire Blvd.

With Goldman, Sachs

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Benjamin E. Wolff is now connected with Goldman, Sachs & Co., 135 South La Salle Street.

Nelson Burbank Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — John J. Gallagher has been added to the staff of Nelson S. Burbank Company, 80 Federal Street.

Josephthal Branch

PLAINFIELD, N. J. — Josephthal & Co. has opened a branch office at 205 Park Avenue, under the management of Joseph P. Goldstein.

OUR REPORTER'S REPORT

The investment fraternity, that is underwriters and major institutional investors, spent the current week pretty much on the side lines awaiting the arrival of next week's huge American Telephone & Telegraph Co. debenture issue.

Major investors were playing pretty much the same old game of "waiting until the Tels come" contending that this issue must be made attractive. Consequently they were just marking time and not given to extending themselves.

Once this massive undertaking, $250 million, is out of the way the market probably will get back on the track since prospective buyers will not have this pending outlet for funds in front of them.

There is always the possibility, it was noted, that AT&T might balk, if the terms offered it are not in line with its ideas, and postpone the issue until a later date. But this has not been the case with several of its operating units which have stepped up and paid the going price for funds.

Management, after all, in deciding to delay such a piece of business must take the risk involved that in six months or so conditions will be more propitious for the issuer. And in present circumstances that is hardly indicated though, of course, conditions can change quickly as we have seen before.

Meantime there has been steady whittling away of recently accumulated backlogs. A few issues still are in supply at the offering prices but most of the others have been turned loose and pretty well distributed.

Swelling the Ante

Tuesday has been set by American Telephone & Telegraph for the opening of bids for its 27-year debentures, due in 1986. It is now indicated that two huge banking syndicates comprising between them, just about the full heft of the industry, will face the barrier.

Next week as a whole promises a fair amount of business for underwriters what with Transwestern Pipe Line Co. slated to sell $40 million of debentures and two million shares of common stock on Wednesday, and Atlantic City Electric having 200,000 shares of common up for bids on Thursday.

This week's outpouring was curtailed noticeably by the Veterans Day holiday, which even though not observed as a holiday in the markets found banks and insurance companies, the latter major outlets for new issues, closed over a wide area.

New Prospects

Public utility companies are pushing to raise new capital funds despite the current level of money rates as witness the steady placing of prospective new issues in registration with the Securities and Exchange Commission.

Among the latest is Dallas Power & Light Co.'s $20 million of 30-year first mortgage bonds which will be offered in due course through competitive bidding.

Another is Arkansas Louisiana Gas Co. which has registered to sell $16 million of 20-year first mortgage bonds. This undertaking will be handled by negotiation between bankers and the company.

New Sudler Office

CANON CITY, Colo. — Amos C. Sudler & Co. has opened a branch office at 417 Main Street under the direction of Harvey Opfer.

Lefferdink Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Joseph R. Leone, Richard E. Sigaty and Richard W. Welsh have been added to the staff of Lefferdink & Co., 150 Sansome Street.

Two With Lundborg Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—George H. Cameron, Jr., and Richard K. Hubbard are now connected with Irving Lundborg & Co., 310 Sansome Street, members of the New York and Pacific Coast Stock Exchanges.

Two With Scott, Bancroft

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Howard E. Lochner and Stanley J. Stephenson are now with Scott, Bancroft & Co., 235 Montgomery Street.

Irving Lundborg Adds

(Special to THE FINANCIAL CHRONICLE)

SAN JOSE, Cal.—Harry W. Boogaert has been added to the staff of Irving Lundborg & Co., 1024 The Alameda. He was formerly with William R. Staats & Co.

Three With Paine, Webber

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Richard P. Bowman, Robert B. Taggart and Stephen H. Tusler are now connected with Paine, Webber, Jackson & Curtis, 626 South Spring Street.

With Dean Witter Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Alan T. Buckley has become affiliated with Dean Witter & Co., 45 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

Paul L. Hackbert

Paul L. Hackbert, partner in Rodman & Renshaw, Chicago, passed away Oct. 18.

Sudler Adds Two

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Kent Landmark and Allen F. Davis are now connected with Amos C. Sudler & Co., 818 Seventeenth Street.

F. D. Kirshman Opens

Frederic D. Kirshman is engaging in a securities business from offices at 274 Madison Avenue, New York City.

Joseph Samuels Opens

BROOKLYN, N. Y. — Joseph H. Samuels is conducting a securities business from offices at 125 Hawthorne Street.

Arthur Anderson Opens

TRUMBULL, Conn. — Arthur H. Anderson is conducting a securities business from offices at 393 Edison Road under the firm name of Arthur H. Anderson Company.

Joins David Means

BANGOR, Maine — Wendell T. Smart has joined the staff of David G. Means, 6 State Street.

WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C.—American businessmen, with a wealth of new census of business figures being released by the Bureau of Census, have begun blue printing their market plans for 1960s.

A series of reports on retail trade, part of the 1958 census of business, are being published by the Bureau. They deal with retailing, wholesaling, and service trades. The census of sales of retail establishments in 1958, as compared with the previous census in 1954, show that sales in the continental United States increased an estimated 17%.

The 17% rise in four years is indicative of the tremendous expanding markets in this country in the 1960s. The precise information gathered by the Census Bureau will unquestionably prove to be invaluable to the businessman who is interested in a specific market.

For instance the retail trade census for 1958 shows the census by counties and cities of 2,500 or more. In each of those communities the new reports show the number of retail establishments like general merchandise, food, automotive dealers, apparel, accessory stores, furniture, eating and drinking establishments, drug stores, gasoline service stations, and other retailers.

More Reports Coming

In the last two months of this year the Bureau plans to issue preliminary reports on manufacturing to include general statistics such as employment, payrolls, manhours, value added by manufacture, cost of materials, value of shipments and capital expenditures for all important individual industries and for industry groups. Also, there is scheduled to be issued general statistics for the 60 largest standard metropolitan statistical areas by major industry groups.

Approximately 85 industrial reports will be issued in the summer of 1960 as they become available. These reports will include data for all manufacturing industries based on the new Standard Industrial Classification but will include transition tables to tie together the results in the old and new systems.

The program of preliminary reports and final industry reports for the Census of Mineral Industries is similar to that for manufacturers. In the case of both censuses the final reports will be issued from July through September, 1960.

Agricultural Census Underway

A few days ago an army of enumerators began taking the 1959 census of agriculture. It will include a count of all farms and agricultural operations. This will be of marked interest because major changes are taking place in agriculture with fewer and fewer people producing more and more agricultural products, and agricultural machinery gets bigger as the mechanized farms get larger. America's first farm census was conducted in 1840. Beginning in 1925 a census of agriculture has been taken every five years.

Facts being collected include: number of farms and other places on which agricultural operations are conducted; amount of land and the way it is being used to provide food and fiber for our ever upward population; acres of all crops and the sales of many different farm products; kind of machinery and equipment, and the number of people working on farms, hours worked and rates of pay.

For the purpose of the census a "farm" must have 10 or more acres with agricultural sales of 50 or more per year. Or, if it is less than 10 acres, it must have minimum sales of $250 a year. The former definition of a "farm" was a place of more than three acres that produced commodities worth at least $150 whether they were sold or not; or, if it was less than three acres, it had actual total sales of products worth $150.

Population Census Planned

Of course the truly big census—the Census of Population—will begin April 1, 1960, when 160,000 enumerators will count perhaps 180,000,000 people. It will mark the 18th time that a population census has been conducted.

With the former territories of Alaska and Hawaii admitted to statehood, it will be the first time that a census of 50 states has been taken. The 1960 census will reeord the facts about the Nation's population and its housing and their relationship to each other. These reports will comprise the largest compilation of social and economic data in the Nation's history.

Private enterprise, labor organizations, government, colleges and individuals will have new statistics which will be a basis for their operations for the next 10 years.

Some notable changes will be recorded in the decennial census of 1960. It will be the largest increase in population between a decennial census in the country's history. An estimated 29,000,000 people have been added during the decade. The 1950 population stood at 151,132,000. The next highest increase was 19,000,000 between 1940 and 1950. Between 1930 and 1940 the increase was only 8,900,000, the lowest for any decade since the 1870s.

A sharp increase in the number of births and a continued low death rate are responsible for the unprecedented population growth in the past decade. In 1950, the 38,300,000 children under 14 comprised 25.4% of the total population, but by 1958 their number exceeded 50,000,000.

In 1950 persons 65 years old and over numbered 12,200,000 or 8.1% of the population. By 1958 their number had increased to 15,000,000 or 8.6%.

Other Significant Trends

There has been an unprecedented gain in the total number of married couples. Young people have been getting married at a younger age than their parents. Between 1950 and 1958, the number of married couples increased by 3,100,000 to a total of 39,200,000.

The Bureau of Census estimates that the present average household is 3.3 persons. The population per household declined consistently between 1890 and 1950, but has changed little during the present decade. In 1900, the average household consisted of 4.8 persons; in 1910, 4.5 persons; in 1920, 4.3 persons; in 1930, 4.1 persons; in 1940, 3.8 persons, and in 1950, 3.5 persons.

The 1960 census is expected to confirm that the urbanization trend has continued strongly since 1950 when nearly two-thirds of the population was classified as urban. It is also expected to confirm that the farm population, which was 25,100,000 in 1950, is continuing to decline and it probably will be below 20,000,000. On the other hand the school population, 43,000,000 in 1958, will be considerably higher next April.

Another important trend that is expected to be officially confirmed is the number of married women in the labor force, 13,000,000, is continuing upward. The number of single women workers is placed at about 5,400,000. Another 3,600,000 women workers are widowed or divorced.

Census Bureau's Record

For the 1960 census, the income inquiry will be asked only of individuals 14 years old and over in one in four households chosen systematically, and not according to the preferences of the individual census enumerator Detail on incomes will be asked about wage and salaries, from own business or farm and from dividends, annuities, pensions and other sources.

For all 180,000,000 Americans a record will be made of the name, address, relationship to head of household, sex, color or race, month and year of birth, and marital status.

The Bureau of the Census is not infallible in its estimates, but for years its estimates are nearly always confirmed by the counts. A couple of years ago, the Bureau, after a hard look at recent trends from the Atlantic Seaboard clear across the sunset Rockies, said California's growth of 500,000 persons a year may end New York's long reign as the Nation's most populous State by 1970. Florida, the South's fastest growth state and 19th in size in 1950, may rank ninth with nearly 6,000,000 by 1970.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]

"I figure if we set up a retail store near the Stock Exchange we'll double our business!"

Businessman's BOOKSHELF

Authority and Organization in German Management — Heinz Hartman—Princeton University Press, Princeton, N. J., $6.00.

Banker Discusses Inflation — Credit Control—Interest Rates— American Bankers Association, 12 East 36th Street, New York 16, N. Y. (paper).

Banking Legislation in the First Session 86th Congress — Committee on Federal Legislation, The American Bankers Association, 730 Fifteenth Street, N. W., Washington, D. C. (paper).

Big Business and Free Men — James C. Worthy — Harper & New York 16, N. Y. (cloth), $4. Brothers, 49 East 33rd Street,

Business Cycle—R. C. Matthews—University of Chicago Press, 5750 Ellis Avenue, Chicago 37, Ill. (cloth), $3.00.

Chase's Calendar of Annual Events: Special Days, Weeks and Months in 1960 with Trade Promotion Calendar — Apple Tree Press, 2322 Mallery Street, Flint 4, Mich. (paper), $1.00 (quantity prices on request)

Democracy and Working-Class Authoritarianism — Seymour Martin Lipset—Institute of Industrial Relations, University of California, 201 California Hall, Berkeley 4, Calif. (paper).

Economic Integration — Rolf Sannwald and Jacques Stohler, translated by Herman F. Kerreman — Princeton University Press, Princeon, N. J., $5.00.

Farm Labor Fact Book — U. S. Department of Labor — Superintendent of Documents, Washington 25, D. C. (paper), $1.

Freeman, November 1959—Containing articles on Free Economy, Government's Expanded Role, Moral Antagonism of Capitalism and Socialism, India's Economic Road, etc.—The Foundation for Economic Education, Irvington-on-Hudson, N. Y., 50¢.

Frontiers of Industrial Relations—Edited by Robert D. Gray—Industrial Relations Section, California Institute of Technology, Pasadena, Calif., $15.00 (for one copy of paperbound edition plus copy of clothbound second edition to be issued in summer of 1960).

Generating Cooperatives and Municipalities — Statistical Survey —Office of Technical Services, Department of Commerce, Washington 25, D. C. (paper), $1.25.

George Washington Law Review: Securities & Exchange Commission Silver Anniversary Commemorative Symposium—George Washington Law Review — George Washington University, Washington 6, D. C. (paper), $4.00.

Governmental Finances in 1958—U. S. Department of Commerce —Bureau of the Census, Washington 25, D. C. (paper), 25¢.

Higher Education For Business — Robert Aaron Gordon and James Edwin Howell—Columbia University Press, New York, N. Y. (paper).

Journal of the Institute of Bankers — October 1959 — Containing articles on Radcliffe Report: Finance for Some Assorted Borrowers; Six Hundred Years of Litigation; etc. — Institute of Bankers, Lombard Street, London, E. C. 3, England.

Labor's Participation in the European Productivity Program — A Study In Frustration — William Gomberg—Institute of Industrial Relations, University of California, 201 California Hall, Berkeley 4, Calif. (paper) single copies on request.